

## News Summary

## GENERAL

Arrests  
hint  
in spies  
case

As Whitehall disclosed last night that top KGB defector Oleg Lyalin's girlfriend, Mrs. Irina Teplyakova, 31, had also defected, U.S. reports said Britain might make arrests in connection with the Soviet spy case.

The reports from New York where Foreign Secretary Sir Alec Douglas-Home has seen Soviet Foreign Minister Gromyko at the UN said people of various nationalities, including some Communist countries other than Russia, could be prosecuted.

## 'With friends'

Mrs. Teplyakova and Mr. Lyalin were "staying with friends," said the official. Mrs. Lyalin also worked for the Soviet Trade Delegation, had diplomatic immunity, and refused to see the Russian Embassy when it asked her.

No warrant was issued for Lyalin's arrest on Thursday when his name was called at Marlborough Street in the drink-and-driving case which led to his disclosures.

Soviet Embassy information chief Georgi Kuznetsov said on ITN he was among the expelled — and "indignant."

## Philby's attack

Kim Philby, the British spy and defector, told the BBC last night that Britain's expulsion of 105 Soviet officials was "to slow down a European détente." He attacked the BBC for its part in Soviet spy disclosures.

Philby added: "Dozens of London and Provincial British newspapers have on their staff paid agents of British intelligence."

On the BBC yesterday "shadow" Foreign Secretary Denis Healey said he was "worried by the way the Government had encouraged the Press and the BBC to run the event as a Red scare." He thought it had been done "for political reasons, to help the Macclesfield candidate and cover up economic failures."

Belfast: The soldier killed in Belfast yesterday was named last night as Pte. Peter Sharp, 22, of Middlesbrough. He was the 23rd British soldier to die in Ulster this year.

A sniper was later reported held within half a mile of the shooting.

Lt. Carrington, the Defence Secretary, said near Belfast yesterday that the Ulster Defence Regiment would be expanded from 6,000 to 10,000. He added that British troops would "get tougher" with terrorists.

Opposition MPs at Stormont postponed the first sitting of their "alternative assembly."

There was a wave of armed robberies in Belfast yesterday. The Army defused two big semtex bombs. A smaller one exploded at a bank in Lisburn Road.

Gag on Barbara: The Labour Party executive yesterday barred Mrs. Barbara Castle from speaking on industrial relations at the Brighton party conference. Back Page

China's 'quiet' National Day: China's "quiet" National Day celebrations, with no traditional parade, produced a further surprise yesterday when the usual October editorials did not appear in Chinese newspapers.

People and places: Sen. Franco addressed nearly 100 people on the 25th anniversary of his regime.

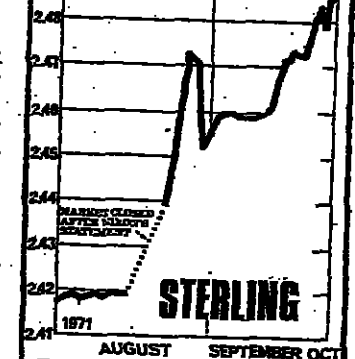
South Africa invited Ugandan President Idi Amin to make an official visit.

Mr. Ralph Bunche, 67, former United Nations mediator and a UN official for many years, has died.

## BUSINESS

Further  
gain  
for £

STERLING rose 39 points more to \$248.91, its highest since the float and a gain of 671 on the week. The £ was itself firmer against a number of major currencies.



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LONDON EQUITIES continued dull. The index closed down 2.3 at 406.9. Gilt were firmer.

GOLD FELL 5 cents to \$42.45.

TREASURY BILL RATE fell again, by 0.0296 per cent to 4.7235 per cent. Page 9.

WALL STREET'S index closed up 6.79 at 892.98.

LONDON TRANSPORT is seeking bus and tube fare rises averaging 5 per cent from next January. Its proposals, aimed at bringing in an extra £10.7m. a year and achieving break-even next year, include a rise to 3p (from 2p) in the minimum bus fare and doubled tube fares for a two-mile journey. Cheap rush-hour children's fares would be abolished and fares for children generally would be higher. The proposals are expected to come under severe Labour attack when the GLC considers them next month. Back Page

Unions Bill blow to TUC: NEW BLOW TO THE TUC's policy of non-registration under the Industrial Relations Bill came yesterday with the decision of the General and Municipal Workers' Union not to withdraw from the new unions register (operative yesterday), at least until next summer. The meantime, the G.M.W.U. will make a study of the situation. Back Page

HOPES OF SAVING Clydebank division of U.C.S. faded after Govan chairman Hugh Stenhouse, in talks with industry Minister Davies, said he could see no viable project to include Clydebank, although he was prepared to consider taking Scotstoun division into the new company.

However, Mr. Davies said the possibility of saving Clydebank was still open if a viable proposition was put forward. Page 9

ENGLISH CHINA CLAYS is to cut its 12,000-strong labour force by 250, affecting the china clay and transport divisions, mostly at St. Austell, Cornwall, because of the continuing slump in the paper industry, its chief customer. Expansion plans are also to be postponed. Page 15

Strike shuts U.S. docks: WALK-OUT BY 45,000 U.S. East Coast dockworkers over a guarantee of deep sea ports in the country. West Coast ports have already been shut for 15 weeks because of a similar dispute. However, Mr. Nixon apparently decided against immediately invoking the Taft-Hartley Act, under which he could order an 80-day cooling-off period. Back Page

COMPANIES: United Drapery Stores first half pre-tax profit is \$5.8m. (\$5.8m.) and interim is 10 per cent (\$4.4) with a final of not less than 12 forecast. Page 23; Lex

Tarmar first half pre-tax profit is \$2.5m. (\$2.5m.) and interim is 6 per cent (same). Page 17; Lex

Narrow victory at  
Macclesfield little  
comfort for Tories

BY RICHARD EVANS, LOBBY CORRESPONDENT

To the profound relief of Ministers the Conservatives held the traditionally "safe" seat of Macclesfield but saw their majority slump from 10,000 to just over 1,000 votes.

The result provides little comfort for the Tories but at least the Government is spared the ignominy of losing such a strong hold just before the party conferences and the Parliamentary battle over the terms of entry to the Common Market.

The major relief is that the nightmare of Bromsgrove, where a Conservative majority of 10,800 was overturned by Labour, has not been repeated. In fact, the swing to Labour at Macclesfield of 8.4 per cent is lower than in any of the recent by-elections.

N. Winterion (C.) 24,933  
Mrs. D. Jenda (Lab.) 23,854  
R. M. Hammond (L.) 5,991  
R. Simmerson (C. Against Common Market) 976  
R. Goodall (Eng. Nat. Resurgence Movement) 92

Conservative majority 1,072.  
General Election: Sir A. V. Harvey (C.) 29,023; B. S. Jenda (Lab.) 18,571; M. Hammond (L.) Conservative majority 10,452.

The narrowness of the win will do little to help Mr. Roy Jenkins and the other Labour pro-Marketers in their predicament over the Commons vote on the terms of entry. They will inevitably be severely criticised if they support the policy of a Government that is so unpopular with the electorate.

For the Liberals the result was another severe disappointment. With Macclesfield the party has now lost its deposit in four of the five contests it has fought since the General Election.

In a reference to the Macclesfield result, the Prime Minister said at Stoke-on-Trent last night that party workers would be particularly pleased at what had happened. "We remain on course," he declared. "We shall see our policies through and the country will reap the benefits from them." It was natural that people wanted to see the fruits of Government policies but this

was bound to take time as the party realised and understood. The Conservative Party chairman, Mr. Peter Thorneycroft, commented that as expected, the Tories had held the seat "despite an all-out attack from all sides and considerable misrepresentation of the Government's policies."

He argued that the Conservatives had inherited roaring inflation and rising unemployment and these trends could not be reversed overnight. "I am confident that when our policies work their way through the economy both will be curbed," he added.

'Very creditable': Sir Harry Nicholas, general secretary of the Labour Party, called the result a very creditable performance by the Labour candidate as the party had never held the seat and the Tories had always had a sizeable majority. He thought unemployment and prices had been the two main issues, followed by the Common Market.

An indication of the attitude of anti-Marketers came from Mr. Christopher Frere-Smith, president of the "Keep Britain Out" campaign who argued that the result was "the clearest possible warning of danger to Mr. Heath."

He claimed that the Government's EEC strategy was based on swinging public opinion from opposition to support and this had failed. "If the Government is not to ride roughshod over public opinion, including opinion in the Conservative Party, it can expect only the worst as far as election results are concerned," he warned.

Mr. Ernest Sharp, joint managing director of Grand Met, said last night he thought there would be no difficulty in agreeing such a contract. Cavenham will withhold £1m. of the payment until Lifton changes hands.

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IMF talks end: hopes  
for agreement improve

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, Oct. 1.

A CLEAR NOTE of optimism about the prospects for resolving the international monetary crisis marked the concluding session of the annual Ministerial meeting of the IMF which was wound up here today after a week of deliberations.

Not only is it evident that America is prepared to negotiate on an early end to the import surcharge which has raised the spectre of protectionism throughout the world, but the principal elements of a compromise are already in sight.

Unanimous: The chairman of the meeting, the West German Finance Minister, Dr. Schiller, and the managing director of the IMF, there was general agreement on Mr. Pierre Paul Schweitzer, took a number of crucial points at this view in their addresses to the closing session this morning.

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Dr. Schiller said he was convinced the will existed to come to a co-operative solution and that "the spirit of reform and reason" had been present during the Ministers' discussions. At an earlier Press conference, he had welcomed signs that the U.S. was willing to negotiate and that its demands were becoming more flexible. Mr. Schweitzer spoke of the constructive tone of the meeting and the challenge that the crisis presented to devise a more satisfactory system of trade and payments.

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## Triumph car men told of jobs peril

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

IN AN unprecedented series of meetings involving all levels from factory managers to shop-floor workers and staff, British Leyland management at the Triumph car plant, Coventry, yesterday spent out the perilous situation the company is facing following two years in which production has failed to reach break-even point.

Mr. Bill Davis, chairman, pointed out that in no week of the financial year which ended on Thursday had the production programme been met, and that workers were in danger of committing industrial harakiri.

Yesterday he told the 18 shop stewards' convenors that while production was climbing again break-even point had not yet been reached. He likened the situation to a drowning man with his head two inches under the

water. "It doesn't matter whether it's two inches or six inches," he said, "the result is the same."

The meeting was ostensibly to discuss the introduction of a flat-rate system of pay in place of piecework, and both Mr. Bill Davis and Mr. Bill Sanders, works director, detailed the situation which management considered made this imperative.

2-year losses: Graphs were shown of the last good year, in 1967-68, together with the two following years in which production had seldom crossed the break-even line. Production was also compared with rising wage and other costs.

"The management told us we were in grave danger," a convenor said afterwards. "They said they had been losing money for two years, that production costs were high and still rising, and that they wanted a completely new way of running things. They would like to do this by introducing measured day work, or a flat-rate system, because piecework was crippling the company. The convenors replied that they had always been prepared to discuss a new system, but we needed something more than the loose statement of proposals put forward. The meeting with the shop stewards was adjourned to enable the company to draft detailed proposals.

In recent weeks Triumph has been racked by pay and other disputes surrounding the new Dolomite model — introduction of which has had to be postponed indefinitely — and also by the weekly one-day strikes by more

Cavenham  
sells  
Bovril  
dairy  
interest

BY KENNETH GOODING

ONLY six weeks after gaining control of Bovril in a bitter takeover struggle, Mr. Jimmy Goldsmith's Cavenham group has sold off Bovril's bulk dairy operations. Cavenham will collect £6.3m. cash from the deal compared with the £15.4m. involved in its offer for Bovril.

Buyer of the business is another of the City's most active operators, Mr. Maxwell Joseph's Grand Metropolitan Hotels. It will provide a "significant" addition to the bulk dairy operations of Express Dairy, acquired by a Grand Met. two years ago, and take Express for the first time into Devon and Northern Ireland.

The buyer: Cavenham made it clear its main interest in Bovril was that company's major brands which also include Marmite and Ambrosia. It will retain the Ambrosia trade marks and branded marketing activities and even the manufacturing operations centred on Lifton, Devon until a suitable supply contract has been signed with Express.

Mr. Ernest Sharp, joint managing director of Grand Met, said last night he thought there would be no difficulty in agreeing such a contract. Cavenham will withhold £1m. of the payment until Lifton changes hands.

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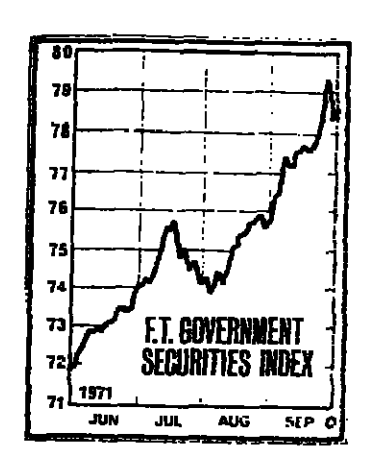
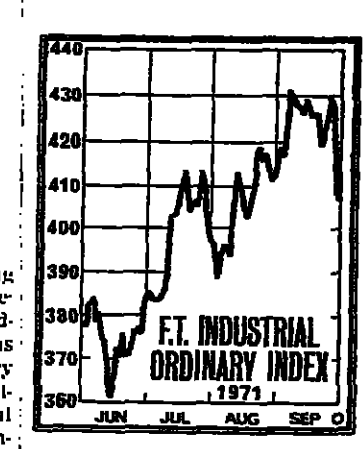
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FT index down  
20.6 on week

FINANCIAL TIMES REPORTER



A DISTINCT deterioration in the recently firm undertone of London's leading equities was responsible for the Financial Times Industrial Ordinary share index closing yesterday at 406.9, for a drop on the week of 20.6. This was its highest fall in a week for over 16 months.

At yesterday's close, the index was 25.9, or about 5 1/2 per cent, below its September 7 peak for the year of 430.8. The FT Actuaries 500 share index, at 181.61, was early 5 per cent below its 1971 peak and the All-share, helped by the relatively better performance of the Financial sector, was at 179.51, about 4 per cent below its September 8 peak since compilation.

The setback reflected persistent small selling and a continued reluctance of institutional buyers to enter the market in the absence of hard evidence of economic recovery. But the thin state of the market was well illustrated in yesterday's late rally on news of the Tory win at the Macclesfield by-election.

Funds rally: The prevailing economic and currency uncertainties had no noticeable effect on British Funds. Business slackened after the hectic trading seen the previous week, but long-dated

issues rallied after a three-day technical reaction.

The Government Securities index yesterday closed 0.20 up at 78.54, just 0.76 below last Monday's four-year "high" which was reached on hopes that the fall in long-term interest rates still had some way to go.

Midland happy at response to new bank era: By Michael Blanden

IN A RAPID reaction to the new competitive atmosphere in banking, Midland Bank yesterday reported that response to the new situation had been unexpectedly good. Mr. Leonard Mather, chief general manager, commented: "The response through branches and here in London at our new money market division has considerably exceeded our expectations."

He went on: "The number of new depositors who have come forward has been very satisfactory. This will enable us to increase even further our lending both to personal and business customers."

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# The week in London and New York

## Time for a re-think in equities

## Moderate rally

BY NICHOLAS COLCHESTER

So the week-end has arrived, and this one provides a more than usually welcome breather after a nasty week in the equity market. In the past five days the FT Indus-

One feature is the way that individual sector movements have been much less volatile than recently. In the two weeks to Thursday, two-thirds of the FT Actuaries sector indices moved down within a narrow band of 1 to 4 per cent. So we seem to have passed through the stage when buyers were churning their funds from one temporarily fashionable area to another, and into a period of general lethargy.

### Scores

The impression is that the market needs something to bite on, and that buyers are happy to hold off in the meantime. An indication of that came on Tuesday, when news of a sharp increase in personal bank loans—implying rising spending on consumer durables—was greeted with loud snoring and another drop in the indices.

The point to remember is that by early September the FT Industrial Index had jumped some 40 per cent from its February low, and that roughly half the rise had come in a more or less straight line since mid-June. After that sort of increase, it seems almost ungenerous to get upset by a reaction of 6 per cent, or so, particularly

since the market is beginning to look oversold with the active stocks lists dominated by falling blue chips. The conclusion is to wait and see what the new Account brings before taking a view.

Gilts, meantime, have continued to bounce along merrily. After a brief pause, the market seems to have been diverted rather than alarmed at the thought of a U.K. Chancellor playing down Britain's balance of payment prospects in front of the IMF.

### Bumpy ride for ball bearings

The combination of stagnant sales and falling profit figures from SKF, the Swedish ball bearing giant, plus news of several hundred redundancies planned at Ransome Hoftmann Pollard, the U.K. major, had a savage effect on the latter's share price, down 12½p to 83p on the week. The reaction may have been overdue.

RHP's workforce tops 13,000, and productivity has been rising fast since the merger two years ago. About one-third of group sales goes to the motor industry, where demand is strong, and exports—which take another fifth

—are also doing well. The weakness in orders is confined to general bearings, and was predictable enough given the published slowdown in industry growth in the first quarter of this year. The July-September period is traditionally the slackest, and there is no obvious reason why May's forecast—implying a fully diluted 1970-71 p/e of around 10—should not hold good.

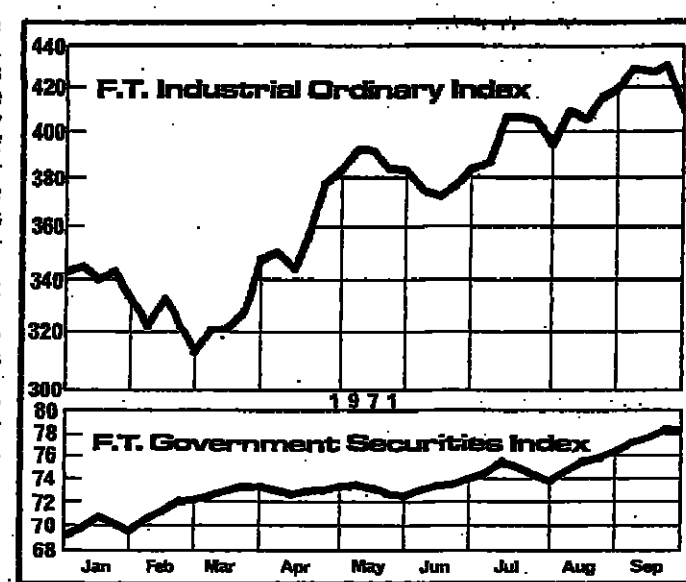
Tuesday's news of an improving trend in engineering orders in the second quarter of 1971 should, if it is maintained, have a rapid impact on demand for standard bearings, and the point to remember is that we have yet to see the best from RHP since 1970, when orders were buoyant, it was undergoing a major product and production reorganisation.

### Scotch on the rocks

The wines and spirits sector has come off badly in the leaders and laggards tables over the past few months with a 12 per cent drop since the mid-July peak, and a rise of only 22 per cent this year against a 36½ per cent advance by the non-durable consumer goods group. This week's news has provided no cheer, with IDV reporting virtually unchanged profits for the past four months of 1970-71 and Macallan-Glenlivet announcing an 8 per cent fall for the year to the end of July.

One cause of the weakness is the postponement of any decision to increase the export price of whisky, static since 1965. Meantime, the U.S. pattern has been distorted by large shipments in front of the national U.S. dock strike. Yet U.S. sales have been disappointing with only a 3 per cent increase in the first seven months of 1971. At least the import surge should provide some new headlines, since it adds up to just 12 cents or so on an average price per bottle of between \$5 and \$8.

In the U.K. the stock position is working itself out after last year's price rises while bulk blend exports to Europe are soaring. Overall though, despite falling barley costs, the prospect is of only marginally improved current year profits. Beyond that any increase in export



prices should help low margin operators like Teacher's, and that plus its ability to benefit from any improvement in the U.K. explains a historic p/e three points over the sector average.

### Glass containers

On the rebound Redfearn and Rockware are making simultaneous comebacks after respectively one and two years in the doldrums. Both fell foul of rising costs coupled with either stagnant or falling real demand and they now appear to have (at last) got their respective cost equations right. The market was obviously looking for Rockware's interim results last Thursday to confirm Redfearn's five-month-old recovery trend. In the event, this is what happened and Redfearn's shares were able to hold on to their 30p leap in price to 165p over the week.

Rockware had more to recover from but last Thursday's interim figures—pre-tax profits nearly trebled—show that it, too, is on the mend. Sales in the first half were up by 6 per cent, volume and 20 per cent in value, costs appear to be more or less under control and capacity utilisation is improving. Annualising the first six months' earnings drops the p/e from 23 historic to 12½ prospective at 68p, against perhaps 11 for Redfearn.

While Beaton Clark did not suffer any similar setback to profits over the past four years, it equally does not look to be receiving any significant uplift now. Thursday's interim results revealed marginally lower profits before tax and a forecast of lower annual profits, which could be due to the current weak state of both the cosmetic

After falling 19 points the previous week, the New York Stock Market opened this week on a dispirited note, adding on Monday a sixth consecutive decline of 5.8 points that took the Dow Jones Industrial average down to 833.47. Thereafter volume remained low with the index falling little changed, with the 550 resupport level before a moderate rally lifted it to end the week at 893.98, for a rise of 4.67.

The general feeling in the market seems now to be that the index is ready to break upwards as soon as President Nixon announces the regime in the second phase of the "New Era"—as some see it—as wage and price controls. This announcement is expected shortly, but in the meantime both the stock and the bond markets move rather aimlessly, clutching at infatuating clues thrown out by the President. "He's talking about it now with so-and-so but I'm not telling you what they're saying."

There was little general news. The looming strikes in the coal industry and the docks must have had a sobering effect on the market and at the time of writing some miners have walked out and there is now a nationwide dock strike.

Down in Washington, the Finance Ministers of the world met at the International Monetary Fund meeting to discuss a new world monetary system—something that was a little too highbrow for the Street and not

the scale of fares suggested by Luftansa was put into effect. Three days later, the two airlines announced that their endless merger talks were finally off.

The next two days were of little interest. Wednesday was a Jewish holiday and trading in the market was, as a result, the slowest for seven weeks with a turnover of \$5m.

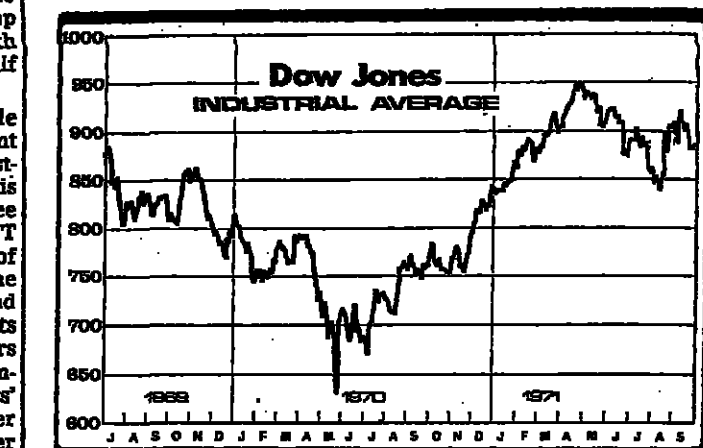
Control Data, the computer company, was a feature on the active list both days, falling by 4½ to 45½ as a result of its plans to come to the market for additional equity financing later this year.

On Thursday the market managed a rally of 3.36 points, but yesterday's prices rose solidly on a broad front, boosted by the continued increase in investor confidence, and the index rose 6.79 on the day.

On a more general note, the reader of this column must have noted that the past few weeks the importance that the U.S. capital markets are now attaching to the battle against inflation and the prospects that the new strategy of the U.S. President will be successful in fighting it.

At the beginning of this week, Mr. Sydney Homer, a partner of Salomon Brothers, predicted that, in the coming years, political guesswork would become more important than business cycle analysis in deciding what future bond yields would do.

He linked interest rates firmly to inflation, and said that they



one of its traditional pondering points. World trade slump, degree of dollar devaluation, and the probable length of the surge—these were the topics of general interest and little came out of Washington to provide guidance on any of them.

In the declining market on Monday, the most active stock was Pan American World Airways which fell \$4 to \$10. This was a result of its trip to Washington with Trans World Airlines to persuade the U.S. Government to intervene in the transatlantic airfare war. The airline industry is slowly the news leaked out that Pan Am had told the Civil Aeronautics Board that it would lose \$82m. next year if

would therefore react to the points. World trade slump, degree of dollar devaluation, and the probable length of the surge—these were the topics of general interest and little came out of Washington to provide guidance on any of them.

The stock market, too, has become inflation conscious. Gone are the days when inflation was thought by some to be "good for stocks". A recent article in Fortune magazine highlighted the way that era of inflation has been consistently bad for stocks since the second war. So the stock market will play the same game—watching the Admin. Gons are the days when inflation was thought by some to be "good for stocks".

### MARKET HIGHLIGHTS OF THE WEEK

	Y'day	Change on Week	1971 High	1971 Low	
F.T. Ind. Ord. Index	406.9	-20.4	430.8	305.3	Small selling and lack of support
Treasury 9% '72-4	£102½	-	£103½	£95	Profit-taking
Adwest Group	176	+19	180	103	Record profits and dividend
Anglo American Corp.	250	-38	340	250	Depressed state of metal markets
Campari	145	+21	164	74½	Excellent annual results
Court Line	174	-24	200	119	After recent rise on bid hopes
DRG	146	-11	169	110	Reduced profits warning
Glaxo	402	-26	445	284	General market trend
Leslie & Godwin	370	-47	427	297½	Disappointing interim report
Morgan Crucible	106	-27	140	101½	Lower profits forecast
Poseidon	450	-175	622	625	Australian market weakness
Redfearn Nat. Glass	163	+28	167	70	Favourable Press comment
Reed & Smith	33	-20	57	30	Interim figures shock
Reynolds Parsons	78	-55	178½	78	Gloomy interim statement
Roan Consolidated	182	-28	288	115	Copper price at four-year low
Rovntree Macintosh	625	+45	630	385	Good interim figures
Scottish T.A. 'A'	57	+7	60	25	Return to profitable trading
Simon Eng.	136	-27	180	123	Reduced profits warning
West Driefontein	790	-70	£10½	790	Latest currency considerations
Williams & Humbert	116	+44	116	56	Bid approach

## MINES IN THE NEWS

### In the darkest hours

BY KENNETH MARSTON

IT HAS BEEN another poor week in Mining share markets with many prices, notably those of the mining finance issues, sinking to new lows for the year. This is understandable enough against the background of weak metal prices—copper has fallen to its lowest for four years—and the still unresolved currency crisis which is putting a brake on new capital investment.

But while we wait for the U.S. retaliatory measures to take effect and for the currency position to sort itself out, America is talking of the possibility of lifting its import surcharge—which would lift some of the gloom from Japan's exporters—and the president of the Confederation of British Industry feels that the U.K. could be poised for an economic revival.

This is cold comfort for mining shareholders who watch the steady erosion of the value of their investments, a process that could go a little further yet. But the fact remains that some intriguing share recovery situations are building up and market recoveries have a way of developing rather suddenly. Next month we shall be getting the terms of the R20m. (£11.5m.) rights issue which is to be made by West Witwatersrand Areas prior to the company's take-over of the Consolidated Gold Fields subsidiary. Gold Fields of South Africa. The merger deal will create a South African mining finance house with assets of some £225m. (£127m.) and it will take the name of Gold Fields of South Africa.

Ever since it started life back in 1932, West Wits' role has been one of finding and exploiting gold mining propositions along what has come to be known as the West Wits Line in the Western Rand. But apart from the possibility of a new mine in the Deekraal area, West Wits now has little scope for further finds of any significance in the region.

The existing GFSA, however, has plenty of growth prospects. These are notably in the base-metal and mineral mining and processing field—a 54 per cent. interest is held in the Vegetrials Metal Holdings—and West Wits' chairman, Mr. A. Louw, reckons that this field will show one of the greatest

growth rates of all sectors of the South African economy. Meanwhile, West Wits forecasts that in line with projected increases in gold mine production and the expected rises in the average price of gold its dividend income should rise for several years yet before the eventual decline sets in. All mines have to die sooner or later. So the merger deal makes sense with the classic marriage of money and opportunity.

Naturally enough, one would expect Mr. Louw to be bullish for gold, but it is interesting to note that his confidence extends to the statement that, ignoring the monetary and speculative aspects, "gold as a commodity will continue to increase in price at a rate in excess of that at which the cost of production will rise."

### Vaal Reefs

His views will be welcomed by holders of Vaal Reefs who are also facing a rights issue. The terms were to have been announced this week, but owing to the unsettled international currency situation they have now been put back until October 13. The South African gold-uranium producer intends to raise some £35m. (£20.4m.) which means that, whatever the terms, holders will be asked to put up the equivalent of about

£145 for every 100 shares now held. It is a sizeable outlay which will hardly encourage new buyers during the next few weeks. On the other hand, it could prove a very worthwhile investment for those with long-term faith in gold. The new Vaal Reefs set-up, taking in an enlarged Vaal Reefs South, will have an operating life of well over 25 years in good grade ground.

### Tin buffer stock

Although the price of tin is not very exciting at the moment, Tin shares have been holding a fairly steady course, and the FT-Actuaries share index for this section still shows a 14.3 per cent. gain this year. Helping matters has been the profit made on the buffer stock under the last International Tin Agreement.

In the case of Amalgamated Tin of Nigeria, the company has received in London the return of its contribution to the buffer stock of £572,857 plus a share of the latter's surplus to make a total of £821,878. Meanwhile, the difficulties of operating in Nigeria have been underlined by the news that pre-tax profits for the year to March 31 have dwindled to £14,594 from £634,921 in the previous 12 months. After allowing for tax deduc-

tion and credits, the previous year's dividend, and bringing in the respective carry-forwards of unappropriated profits, Amalgamated Tin comes out with a 1970-71 profit balance of £778,070 compared with £570,492. Holders can expect a distribution from the buffer stock return—subject to what has to be put up for the current buffer stock—from the money which is now in London.

### Time to grow up

Australia continues to perplex the market. Queensland Mines, which recently provided another in the long series of shocks with the news that the fabulous uranium discovery at Nabarlek in the Northern Territory was not as good as it seemed, has now produced a drilling report.

Michael Southern, our Australia editor, reports that the former chairman's earlier and since down-graded estimate of 55,000 tons of uranium oxide grading a fabulous 940 lbs per ton of ore was given three weeks before the first assays were received from the property. Explanations have now been given. But why must responsible Australian mining men add to the country's image of irresponsibility? Australia is moving into the big mining league and should act accordingly.



A shaft hoist winding engine at Vaal Reefs. The mine has also developed a system whereby Mars units pump gold bearing ore 7,200 feet to the surface.

### TV/Radio

Indicates programme in black and white.

**BBC 1**

9.35 a.m. Square Two. 11.45 Monday. 12.45 News. 1.30 p.m. News. 2.30 p.m. News. 3.30 p.m. News. 4.30 p.m. News. 5.30 p.m. News. 6.30 p.m. News. 7.30 p.m. News. 8.30 p.m. News. 9.30 p.m. News. 10.30 p.m. News. 11.30 p.m. News.

**BBC 2**

2.00 p.m. Saturday. Cinema: The Flame of New Orleans.

**BBC 3**

9.35 a.m. Square Two. 11.45 Monday. 12.45 News. 1.30 p.m. News. 2.30 p.m. News. 3.30 p.m. News. 4.30 p.m. News. 5.30 p.m. News. 6.30 p.m. News. 7.30 p.m. News. 8.30 p.m. News. 9.30 p.m. News. 10.30 p.m. News. 11.30 p.m. News.

**BBC 4**

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**BBC 5**

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**BBC 9**

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**BBC 10**

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**BBC 15**

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**BBC 17**

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**BBC 18**

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**BBC 19**

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**BBC 30**

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**BBC 31**

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**BBC 32**

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**BBC 33**

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**BBC 34**

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**BBC 35**

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**BBC 36**

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**BBC 37**

9.35 a.m. Square Two. 11.45 Monday. 12.45 News. 1.30 p.m. News. 2.30 p.m. News. 3.30 p.m. News. 4.30 p.m. News. 5.30 p.m.



## Our savings and investments

# More demand for gilt-edged on interest rate hopes

BY STANLEY GUYER AND WILFRID PICKARD

THIS WEEK'S announcement that the Finance House Base Rate is being cut by one half per cent to 6 per cent is only the latest evidence of the way interest rates are moving. Some of the finance houses had already cut their interest paid on deposits when the bank rate came down to 5 per cent at the beginning of September. Attention is now centred on the Building Societies Association meeting this month and what, if any, action it may take in regard to the 5 per cent, tax paid which is the present recommended level for member societies on share deposits.

Meanwhile, a lot of money has been moving into gilt-edged and British Government stock market prices have touched their highest point for four years. Its recent strength has been concentrated in the long dated stocks. These are the obvious choice to protect income if interest rates are in fact moving to lower levels. The Government's top stock Treasury 8½ per cent 1987-90 was issued at the beginning of September at 96 and is now 97½. But it is still the shortest date to give a yield of almost 8½ per cent. It has too the added attraction of being priced below par.

As a result of the upward

move in the market this year or the longer dated Funding 6 most of the high yielders are now at premiums such as Treasury 9 per cent 1984 yielding 8.74 per cent but quoted at 106½.

Where the investment is made by standard rate tax payers and aimed at capital appreciation rather than income gilt-edged has the advantage of exemption from capital gains tax after being held for more than one year. The choice in this sector at the shorter end could be British Transport 2 per cent 1978/88 with a net redemption yield of 5.28 per cent at 62½.

### IN BRIEF

A strong assets case is made for Robert Kitchen Taylor by Carbonsburg's maiden profits following flotation, forged ahead of the original forecast by 65 per cent. The next two years should produce growth in the range of 15 to 20 per cent which justifies a higher price earnings multiple than 11.8. Demand for smokeless fuel is strong. Capacity is being extended and efficiency improved. After the one-for-one scrip issue the shares are down to 52p, 128p against the current price of around 65p.

### WHAT THE BROKERS SAY

IN THE past earnings growth has been boosted for GRAND METROPOLITAN HOTELS by diversification and improving the profitability of acquisitions. Capel-Care Carden is recommending the shares in looking for further expansion on the hotel side, but even greater growth for the group as a whole is anticipated largely through another exercise in asset-stripping.

The annual survey of Investment Trusts from Phillips and Drew extends its treatment of the valuation of income shares. Since March 1970 the Investment Trust sector has underperformed all but the FT Ordinary index, but P and D think that in due course better results will be seen.

### Brewery

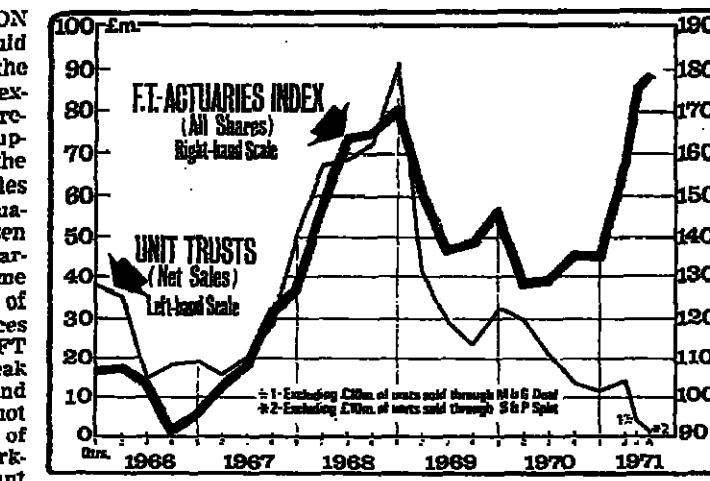
Next week good interim figures from COURAGE are expected by Fielding Newson-Smith, who suggests that there may then be a selling opportunity. Courage has relatively small interests in the currently booming wine and spirit trade. From Birmingham Cudler and Co. anticipate a renewed demand for equities. In engineering the COLEY-ROTOLIN GROUP is thought to be undervalued with new products and sufficient cash for acquisitions. While in motor distribution and services BRISTOL STREET GROUP and KETTERING MOTOR SERVICES are suggested. Tiney and Co. of Liverpool sees the LIVERPOOL DAILY POST AND ECHO as a worthwhile purchase.

## Unit trusts

# Unitholders in danger of missing the boat

BY KEITH LEWIS

THE CURRENT DEPRESSION in the unit trust industry would appear to be more than just the backlash of the euphoria experienced in 1968-69. The reluctance of the public to support the movement and at the same time an increase in sales of existing holdings is a situation that has, historically, arisen around the bottom of the market. The difference this time is that after six months of sharply advancing share prices—which have seen the FT Actuaries All-Share Index break into new all-time high ground—these symptoms have still not subsided. And no amount of advertising appears to be working on a basically resistant public.



### Depression

The accompanying graph is a good illustration of just what potential unitholders have missed. And we have reached the point now where a fairly cogent argument for selling units can be put together for some unitholders. In many ways the more recent signs are a significant departure from historical trends.

Looking back over, say, the past ten years, one can begin to appreciate how the growth of the industry has gone ahead in leaps and bounds. Setbacks have, of course, occurred in between (according to market conditions), but each time there has been an upsurge in sales. It has exceeded the previous advance in an accelerating movement—that is, until now. The recent repurchase trend has, in fact, behaved in step with past patterns, and the particularly heavy months seen this year are almost certainly a direct consequence of the exceptionally high gross sales in 1968-69. What is different appears to be tailing off. And if this means that some sort of saturation point has been reached then small net sales

figures or even net repurchase balances (as in North America) could become a regular event.

The point is always being made that unit trusts should be regarded as a longer term investment—and this is probably not always act in a rational way. Just a year ago this column attempted to spell out the sense in taking a unit trust investment at that time, and anyone who followed that advice should have some cause to be pleased. However, unitholders appear to be content to follow the markets at a respectful distance and are not prepared to try to anticipate the swings and roundabouts.

It can be useful, therefore, to treat unit trust sales as a market indicator, rather than the market being used to predict sales patterns. On the former basis, one can almost say that since history has a habit of repeating itself an upturn in unit trust sales could presage, at best, a prolonged rise, a market plateau or, at worst, the start of a decline. If this is the case, then And if the pundits are right unitholders could well have missed over half of the bull market already without realising that when sales turn up—if they

do—then there is a case for bailing out.

In many ways, of course, this is an unhappy conclusion and it highlights the lack of communication between the management groups and the public. The only real effort recently to bridge this gap has been made by Save and Prosper, which, in its latest campaign, is clearly trying a different approach. The underlying theme is almost to scold the unitholders into action, pointing out first the market factors and then telling the public not to miss the boat again. The advertisement proves that a man who bought at the top of the market in 1964 is ahead now on all counts—not just in terms of fixed interest appreciation but also in terms of inflation.

### Praiseworthy

S and P did not expect its campaign to be a particular money-spinner, but in a way this is a praiseworthy effort to shoulder the responsibilities of the industry in general. The best vehicle for general promotion would undoubtedly be the Association of Unit Trust Managers, which, incidentally, has just appointed a firm of public relations consultants to boost the image. It is time the members stopped thinking along the lines that any collective promotion would be beneficial to non-members (such as Lloyds Bank, Tyndall and M and G) to the extent that it is not worthwhile.

Therefore, until the groups can galvanise themselves into one useful body it would seem that this unfortunate pattern or, at worst, the start of a decline. If this is the case, then And if the pundits are right unitholders could well have missed over half of the bull market already without realising that when sales turn up—if they

## Engineering

A MIXED picture emerges from recent results from the key engineering sector. In the first half Simon Engineering's profits were down and Dexion Comino went into the red. But the Advest Group on the other hand, pushed up earnings by 29 per cent from turnover only 13 per cent higher.

The trend of new engineering orders, also looks encouraging, reversing the decline evident in the early part of the year. In the three months to the end of July home orders rose by 17 per cent, and those from abroad by 33 per cent according to Department of Trade and Industry statistics.

Last year the Steel Group did well. Demand for cranes was buoyant and pre-tax profits soared by 55 per cent to £33.5m. At 143p the shares are, on a price earnings multiple of 9.4, which discounts little further progress. Increased capacity had cut back the outstanding order position by the year end, but the prospects are encouraging for clinching some substantial contracts.

Sales abroad leapt from 30 to 49 per cent. Demand for construction machinery should strengthen. The South African loss maker has been eliminated, and the current price leaves scope for re-rating.

Providing that results and orders continue to improve, the whole engineering sector will enjoy a revival of investment support. BHD Engineers recovered from last year's first half turn down. It concentrates on plant for the mechanical engineering, chemical and gas-works industries. With trading conditions looking brighter the shares at 157p on a p/e of 9.4 have above average potential.

Problems for commercial vehicle constructors have not stopped Edbro (Holdings) from keeping profits on the move. It should benefit from the £150m public works programme and its expansion in Europe. At 95p the p/e of 10.9 seems low.

## PLANTATION SHARES

# Palm oil in perspective

By JAY PALMER

The inconsistent performances turned in by the FT Rubber Index and the price (London spot) of rubber have been illustrated and explained many times before in this column. Nevertheless, they bear repeating. Over the past two and a half years, the rubber price has steadily fallen from more than 26p a kilo to under 14p and it has been estimated that the breakeven point for Malaysian producers is about 16p a kilo. Against this seemingly bearish point, the rubber index has remained remarkably impervious, rising consistently to new all-time highs throughout the last five months or so.

Although part of the reason for this divergence is undoubtedly due to the general shortage of market stock following the expanding buying power of the high income unit trusts, it is too easy to blame the trusts for everything. For while most of companies' rubber profits are coming out lower (in some cases drastically), many of those same companies are going to be able to report maintained or even higher total profits.

This has very largely been due to the main companies' foresight in diversifying out of rubber into an alternative commodity, most commonly palm oil. For over the same period, the market price of Malaysian palm oil (London, CIF) soared up to and has since more or less maintained a five year high of £118 a ton.

Although Guthrie's diversification took in carpets, Plantation Holdings' light engineering in the U.K. and Kulim's a hotel project in Tobago, these companies were the exception rather than the rule. Palm oil was by far the most popular choice. The reasons for this are at best vague, but it seems that most of the rubber producers not only saw the dangers of being orientated to one crop (unlike most of the tea producers), but also that the expansion of synthetic substitutes would—indeed it has—limit the maximum potential profits. Against this, palm oil not only made up a very small percentage of the total world edible oil, but it could also be grown in the same soil as rubber and palm trees would reach maturity

within a comparatively short time, about four or five years. In any event, that was where most of the companies directed their efforts and as things stand now, palm oil is in many cases the major commodity of many of the so-called rubber producers. Naturally enough perhaps (although misleading for various performance indicators) the ten large companies whose shares constitute the FT rubber index have all got large palm oil interests.

### Palm profits

With the index heavily geared towards market capitalisation, Guthrie, Golden Hope and Highlands together account for about 60 per cent of the performance. So with Guthrie's pre-tax profits of 30 per cent (and an addition to its pre-tax profits from oil palms and an additional percentage from carpets) and both Golden Hope and Highlands getting about 60 per cent of their profits from the same source, it is not surprising that the index is showing remarkable strength. In addition the other seven members making up the index receive on average about 50 per cent of their pre-tax profits from oil.

However, this is by no means the full story for with the inevitable maturing of already planted—but still immature—oil palms, these percentages can be expected to increase dramatically over the next few years. No official estimates for proposed profits exist, but brokers Montagu Loeb Stanley have produced some guesses which suggest that this is only the beginning.

From this it is easy to see the growing importance of palm oil to the producers. Unlike rubber, however, they have some measure of control over the price. The system, which technically infringes the Act but Restrictive Practices Act but which everyone turns a blind eye because it works so well, is simple. Most of the Malaysian palm oil producers (or rather their shipping agents) belong to a pool situated in London with and purposes as secretaries. Guthrie acting as proposed This. scrutinises all proposed selling prices and from time to time adjusts the official quoted price. At various times all the

selling prices of the pool members are averaged out, effectively giving those companies with identical financial year ends, identical average selling prices.

With the U.K. buying power for palm oil located in a few hands—Unilever is estimated to account for 30 per cent of the consumption—the production and selling of palm oil more or less inevitably resulted in some common scheme. Nevertheless, some sources believe that the current arrangements are under strain and that there is a chance that the whole system will fall apart early in 1972 when the Federal Land Development Authority—the Malaysian Government agency for the palm oil smallholders—opts out. Although this could cause a crisis within the pool, it is much more likely to promote a general reform of the system. One point of contention is that the pool does not store oil near the points of consumption—a move which would avoid shipping disruptions and enable the supply to be regulated to meet demand.

In spite of these internal troubles, there is little doubt that the future for the palm oil price is bullish. In the latest edition of the Commonwealth Secretariat's Tropical Products Bulletin, the fact that the 1971-1972 supply season is about to open with world oil stocks at extremely low levels is highlighted.

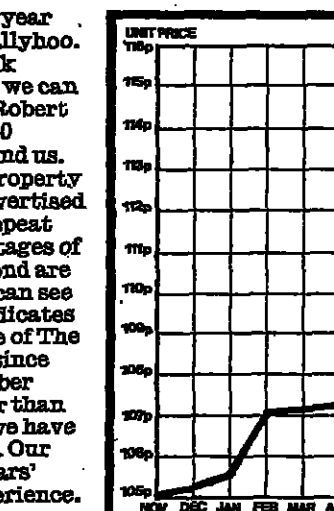
Although the world rapeseed production is likely to be well up and there should be some recovery in world sunflower oil production, the fall in the U.S. stocks of soyabean will account for a large part of this. So with palm oil—a ready substitute for the edible oils in many uses—still accounting for less than 2 per cent of the total world supply, the increasing demand could result in a substantial price increase.

With this in mind and as yet no sign of a recovery in the rubber price, those "rubber" companies with large palm oil interests could be in for a bonanza year in 1972. However, with the index yielding an average 7.6 per cent against as much as 18 per cent in 1965 and 14 per cent in 1968, obviously the market is already discounting this to some extent.

## THIS IS WHAT PROPERTY BOND INVESTMENT REALLY MEANS:

# 10.1% GROWTH IN THE FIRST 10 MONTHS ACHIEVED BY THE ROBERT SILK PROPERTY BOND

We launched less than a year ago without much fuss or ballyhoo. We prefer to act first and talk afterwards. And that is why we can now invite you to invest in Robert Silk Property Bond with 10 months of performance behind us. The general advantages of property bonds have been too well advertised by others for us to have to repeat them. The particular advantages of the Robert Silk Property Bond are quite another story, as you can see from the chart; the curve indicates the 10.1% growth in the price of the Robert Silk Property Bond since its launch at the end of October 1970. If we're climbing higher than many, it's perhaps because we have a certain natural advantage. Our investment is based on 25 years' down-to-earth property experience.



### Precision property purchasing

We're not in the property business to compete with the highest bidders for prime commercial properties which are nearing their full potential for spectacular property growth. We buy selectively, among the lesser advertised and perhaps overlooked commercial properties which often have a potential for dramatic financial appreciation. And you've seen how well this philosophy is already paying off.

### Promise for the future

The first test of investing with any company must be performance. And here our figures indicate an excellent appreciation right from the start—and net of income and capital gains tax. The second test should be management. And here we have a team that is uniquely qualified in real property experience (men who are practised at turning property into money; rather than financiers turned

property men). Finally, it's always worth asking where the Company are setting their sights. Ours are on the top of the property bond league. These are three solid reasons why the future of the Robert Silk Property Bond is bright. And there's one more: as a new Property Bond we've got a longer way to grow than most, which is why it could pay you handsomely to grow with us.

### How you invest

Your investment, enclosed with the coupon below, is pooled with that of other investors and you are allocated units at the current market price. As with most other investments, these could fall in value as well as rise; however past experience and our investment record indicate a very promising potential for the medium to long term.

There is no limit to the amount you can invest in the Robert Silk Property Bond, but it can be as little as £200.

**Ease of cashing in**  
In order that you may cash all or part of your Bonds at any time, the Company maintains a 20% liquidity margin. Although in the interests of Bond holders generally, the Company reserves the right to defer payment in exceptional circumstances for up to six months, the 20% margin is considered more than sufficient to meet normal requirements. Upon encashment you will receive the full published price of your units less a small deduction which will not normally exceed 1½%—this price is net of capital gains tax and there is no "bid and offer" spread.

### Guaranteed life assurance

Investment in The Robert Silk Property Bond brings automatic safeguards for your dependants. Your life becomes assured for 120% of your initial investment (100% if over 50) as soon as your application is accepted.

### 7% income-tax free income

If you invest £1000 or over you can obtain a 7% p.a. income from your bond by realising an appropriate number of units. If you wish to take advantage of this facility, please tick the box in the application form: the annual cashing of units and payments will then be made automatically. Capital growth should ensure that the remainder of your units at least maintain the value of your original investment. And although surtax liability may arise, that income will be entirely free of income tax.

### Surplus advantages

If you are a surtax payer the full effects in respect of your Robert Silk Property Bond can be mitigated or in some cases eliminated entirely. Our office will be pleased to advise you personally.

### This brings you in on real property growth...

We're not suggesting you should put all your money in the Robert Silk Bond, but perhaps we've proved that a valuable part it can play in your portfolio. Why not come in now while we've still got a long way to grow?

### The Company's authority

Property, Equity & Life Assurance Co. Ltd. who issue the Robert Silk Property Bond have been authorised by the Department of Trade & Industry under the provisions of the Insurance Companies Act 1958-1967.

### Management charges

There is an initial management charge equal to 5% of your investment; the balance secures units in the Robert Silk Property Fund. A monthly charge of 1% of 1% is made against the net asset value of the Fund.

### Report and accounts

Bondholders will annually receive a copy of the Company Report and Accounts, duly audited. This will contain full details of all property and other assets of which you are part owner. A schedule setting out the same full details is available for inspection at our Head Office.

### Valuers

Druce & Company (Established 1822) of 54 Baker Street, London, W1 value our properties when they are bought and at least annually thereafter.

### Bankers

National Westminster Bank Limited, 15 Bishopsgate, London EC2 2AP. They will have in safe keeping all Deeds and Documents relating to properties and assets owned by the Fund.

## The Robert Silk Property Bond

To: Property, Equity & Life Assurance Company Limited, 119 Crawford Street, London W1H 2AS. Telephone: 01-486 0857

<p>I wish to invest in the Robert Silk Property Bond, for which I enclose a cheque made payable to Property, Equity &amp; Life Assurance Company Limited. I understand that the units will be allocated at the price current upon acceptance by the Company of my application.</p> <p><input type="checkbox"/> Please tick this box if you wish to take advantage of the 7% withdrawal plan.</p> <p><input type="checkbox"/> If you require details of our monthly or annual investment plans please tick this box.</p>		<p>NAME (in full) _____</p> <p>ADDRESS _____</p> <p>OCCUPATION _____</p> <p>DATE OF BIRTH _____</p>	<p>DECLARATION</p> <p>I declare that I am in good health and do not expect to incur any heavy or onerous financial obligations or any other than a regular paying passenger on a regular air route. I further declare that the foregoing statements are true and complete and shall form the basis of the proposed contract with the Company.</p> <p>SIGNATURE _____</p> <p>DATE _____</p>
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## Protection of tenancies

BY OUR LEGAL STAFF

I am a protected tenant in a block of flats and wish to exchange it for a bigger one, in the same block. Will I lose my protection? How will I be protected if I have to sign a lease?

No—protection depends upon the rateable value of the premises let: up to £400 in Greater London and £200 elsewhere. If you sign a lease, then your rent cannot of course be increased during its currency. Thereafter it can only be increased to a fair rent, and you cannot be evicted.

## Entering another's land

My lease from a New Town's Commission contains a clause by which (and my neighbours) "permit the company and its lessees or tenants of any adjoining premises" to enter the land in order to carry out any necessary works and other purposes. My neighbour refused to allow my builder on to his land in connection with building me a garage, so I applied to the Commission who replied: "they were not in a position to allow me to enter without my neighbour's consent." Is this correct?

The position is that your landlords could, we consider, give you permission to enter on your neighbour's land for any of the purposes stated in the lease; and if they did so, your neighbour would be in breach of the terms of his lease if he did not let you in, and the landlord could obtain an order from the Court forcing him to let you in. But there is nothing in the lease to force the landlords to take this attitude; they are not bound to give you permission, and if you do not obtain it freely from them, there is nothing you can do.

## Fund without trustees

Following the deaths of the two trustees of a fund in which I have a life interest, the bank will not pay me the income. What can I do?

The personal representatives of the last surviving trustee will have power to act as trustees of the fund, and the bank will then pay the income to them. If you are not satisfied with this, you may apply to the Court for an order that the fund should be managed by a trustee appointed by the Court.

the fund, and the bank would have to recognise their title. If they will not act—or there is none such—your only remedy is to apply to the Court for an order appointing new trustees and vesting the right to the money in such new trustees.

## Enforcing a promise

A relative has agreed that a valuable piece of furniture shall come to me or my heirs on his death. How can I make this promise secure?

You will have to have a deed under seal from the relative, agreeing to give the piece of furniture to you on his death. You may not be able to secure it for yourself or your heirs if he disposes of it in his lifetime, but in that event his estate would have to pay damages for failure to observe the covenant.

## Concurrence of trustees

As one of the trustees of my late father's estate my lawyer approached the bank with a view to opening a trustee's joint account which only two

of the trustees would be empowered to operate. The bank insists on all four. Which is right?

We think the bank is clearly in the right. Even if they were not, your lawyer, as one of the four trustees has no right to insist upon his views applying. The trustees must be unanimous, and quite clearly if they do not all agree to the account being opened with two signatures only, the account cannot possibly be so opened. In any event, as we say, the bank are correct, precisely because the office of trustee is a joint office which requires the concurrence of all four.

## Offsetting a claim

A friend of the family earns his living by making curtains and at times has asked my wife to help. Unfortunately, a set of curtains valued at £42 was damaged in our home, and my insurance company does not accept liability because they are not our property. The friend has now refused to pay my wife the sum of £42 for work which she has previously done and shows no willingness to make a claim on his own

insurance policy. Has he the legal right to retain past earnings in this manner?

Certainly if the curtains were damaged due to negligence the "friend of the family" has a good claim in damages against your wife, which he can satisfy by setting off any claim against any moneys he owes. He is not bound to resort to his insurance policy. Even if he did, the insurers would have a similar claim.

## Gifts free of duty

Could a husband and wife with a joint bank account give £500 each to another husband and wife, that is £2,000 in all, without this attracting estate duty if they were to die in the near future?

This could be all right. Gifts not exceeding £500 to any one donee are exempt from duty. Joint bank accounts for husband and wife do not usually confer a beneficial interest on the wife, being regarded as a convenience to enable the wife to pay the household bills, but if both husband and wife feed the joint bank account the account may be treated as belonging to them jointly and withdrawals belong solely to the drawer.

## Community of property

I was married in S. Africa, the marriage contract coming under Roman-Dutch law, and comprising community of property. This was confirmed by the Estate Duty Office following the death of my husband last year. However, I am told that my half share of stocks and shares bought by my husband would be dutiable as a gift inter vivos as they were bought within seven years preceding his death. How can this be?

Under English law estate duty is payable not only on property owned by the deceased but also on property which he gave away during the preceding seven years. English law recognises your South African marriage contract in that instead of your

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husband being the sole owner of the property held in his name he is deemed to hold it in trust for the two of you as joint tenants. On his death the property automatically passes to you. Duty is payable on the value of your husband's half share which passed to you on his death.

In addition, where he acquired property in the previous seven years he will be deemed under the trust implied by your marriage contract to hold a half share in the property for you from the date of acquisition. Thus duty is payable on both your husband's half share which passed to you on his death and on the property which went into your half share of the trust property during the last seven years.

## Jointly held share

My wife is incapacitated by a stroke from signing share transfer forms and I am faced with the problem of how to realise shares held in our joint names. Would companies accept, say, a doctor's certificate to the effect that the second holder is incapable of signing? If not, is there any way out but a long and costly application to the court?

We regret that the suggestion put forward in your letter to the effect that companies might accept a doctor's certificate that your wife is incapable of signing will not do: companies will not act on such a certificate—they cannot do so.

The only course which is open to you is to apply to the Court for the appointment of another trustee in her place, since the two of you hold the shares upon trust for sale, and to ask the Court to make a vesting order, vesting the shares in the new trustees. There is an alternative procedure possible if you apply to the Court of Protection for a receiver for your wife, but again this involves an application to the Court; there is no other possible way out.

You will doubtless have observed that we have always consistently advocated that investments should never be put into joint names: the potential complications are too great.

## Cover for flood damage

BY JOHN PHILIP

LIKE ELIZA DOLITTLE, we are all aware that in Hampshire, Herefordshire and Hertfordshire hurricanes hardly ever happen. But they are nevertheless a meteorological phenomenon not entirely unknown in the British Isles, as witness the Scottish hurricane of January 1963. And only last week a whirlwind caused considerable damage in South Yorkshire.

But though natural disasters of this kind are far less frequent here than in some other parts of the world, we still have our share of flood damage. A few weeks back it was the lot of the North Wales Coast to experience very heavy rainfall which caused extensive flooding, while next week's expected high tides could just possibly bring about flooding along the banks of the River Thames.

## Definition

Without being pessimistic this does seem to be a good moment to have a look at the cover, which insurers provide against flood damage. And first we must get clear what insurers mean when they use the word "flood" in policies and endorsements.

For insurance purposes, "flood" is "destruction or damage by (1) the escape of water from the natural confines of any natural or artificial water course (other than water tanks, apparatus or pipes) or like reservoir, canal or drain; (2) inundation from the sea." This definition, agreed in the early 1960s by the insurance market, can be found to-day in many material damage policies.

Therefore, what the layman and what the insurers call flood are not necessarily the same. Suppose as the result of very heavy rainfall, streets and buildings become inundated with rainwater seeking to find its way into drains, rivers or the sea: this inundation is not, by insurers' definition, "flood," for there has been no escape from a water course, no incursion from the sea. Such damage due to inundation following abnormal rainfall is counted by insurers as being damage caused by "storm or tempest"—perils designated in many material damage policies but not so far as I know anywhere defined. Because insurers readily pro-

vide "storm and tempest" wider cover. So the only advice is for each household to carefully read his policy and any recently issued endorsements and then, if in doubt, ask his insurers what wider cover, if any, they will provide.

Household insurance is cheap enough but there are still a few people who try to save a few pence per cent by insuring their homes and possessions only against fire. Subject of course, to the geographical location of his home, anyone having such restricted cover can normally have it extended to include both storm and flood—by which time the saving in premium against that for a full household policy with its extensive cover is clearly a false economy.

Just as insurers have given the Government no undertaking to cover houses and flats, so also are they under no obligation to provide commercial policyholders with any flood cover whatever, whether this be on shop, office or factory or the stock, fixtures, fittings, machinery and so on contained therein. Every commercial request for flood insurance is considered by insurers on its own merits both as to cover and rate. The new covers include flood damage on houses and flats and many existing policyholders have been given the benefit of the new wider covers, so much so that it is only in those localities particularly susceptible to flood that insurers are now concerned to specially underwrite the flood risk.

## Restrictions

Even if he has flood cover, the householder should look carefully at the financial restrictions in his policy. Under many of the old policy forms, insurers required the householder to pay both the first £15 of the cost of repair to the fabric of his home, and also to pay for the entire cost of repairing any damaged fences and gates. The practice was to remove the first but not the second limitation on payment of extra premium. But with the introduction of the new home packages, uniformity has vanished. A number of insurers now provide flood cover without excess under their new contracts, giving existing policyholders the benefit of this loss or damage.

## Difference

There is a further difference between commercial and domestic flood cover. On the commercial front it is possible to buy a first loss policy—one that provides insurance for less than the whole value of the property—on the basis that only a partial loss can be sustained. But the householder should usually insure for the full value of house or contents, even though he can only envisage partial loss. Among the companies, insurance must be for full value, while Lloyd's policyholders and policyholders of living in the Republic of Ireland must determine the amount of insurance they carry mindful of the condition of average that applies if, in fact, they are under-insured at the time of any loss or damage.

## CAREERS AND EDUCATION

## Don't write off the middle-aged

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

"DO you see that fellow?" said one of the glorious young women in bikinis, as I played on the beach with my five-year-old son. Flattered by her interest I stood up . . . until she added: "He's the spitting image of my dad."

This collapse of the not-all-that-out party occurred in the late summer. It was a painful revelation of what it means to be nearing 40. It was far less painful, however, than the way in which many other people of similar age have recently come face-to-face with their obsolescence in what is increasingly a young man's world.

True, the young men are concerned about their elders. "Admittedly all these middle-aged managers are being left behind by the advance of technology," said a company long-range planner who looked about 18—at a conference one other week, "but one hates just throwing them on the scrap heap. It is a great moral problem."

Similar sentiments are being voiced by dynamic youngsters (and by established oldies) all the time. Yet they are small comfort to the said middle-aged managers who are either out of work or being allowed—as the Royal Navy strikingly puts it—to complete time for pension. To consider these people a moral problem is almost to write them off, for moral problems could well be defined as those which men in power feel bad about, while doing little to solve them. Failure to use experienced manpower is not a moral problem: it is a management problem—a shameful scrapping of productive assets.

It seems to me of less immediate importance that the Government should fully appreciate this than that industrial and commercial companies should realise it. The Government at least knows that the numbers of people now actually out of work constitute a management problem. However, companies set generally appear to be unaware of the management problem of obsolescence among older specialists and managers who are still on the payroll.

What is more, the obsolescence problem is growing more acute. Evidence of this is provided by a study of 2,500 design and development engineers and managers, reported by Gene Dalton and Paul Thompson, both of Harvard Business School, in the latest Harvard

Business Review. Although these engineers and managers were all employed by United States technology-based companies, I have no doubt that their situation is paralleled in British concerns.

## Peak work

Dalton and Thompson investigated the views of these U.S. companies as to the age when the engineers and managers reached the peak of their productive careers. It is, after all, the company's view—often arrived at systematically through employee-appraisal schemes—that determines whether a worker continues to develop or becomes stagnant.

What the two researchers found becomes most disturbing when it is compared with a similar study of similar "knowledge workers" made in 1958, which showed that these workers were considered by their companies to reach their peak performance in their late 40s. In 1968, when Dalton and Thompson made their investigation, companies considered that the knowledge workers reached their peak 10 years earlier—in their middle to late 30s.

It is hard to believe that engineers' abilities now start to fall off 10 years earlier than they did a decade ago. They are almost certainly having obsolescence thrust upon them by their employers. This does not make the situation any the less depressing, of course, but it does suggest that company managements can overcome the problem.

Dalton and Thompson suggest that part of the solution could be found in continuing education. They do not mean, however, simply sending older workers away from their work to attend standard refresher courses. Companies "should experiment with better ways to transmit information that will keep their engineers up to work constitute a management problem. For example, engineering concerns in Dallas have set up classrooms in their factories, which are connected by closed-circuit television to the local university. This enables engineers in the factories to spend—say—an hour a day "plugged in" to one of the university's courses.

Another possibility is to give knowledge workers sabbatical leave, enabling them to take a lengthy course of full-time study every five or 10 years. Sabbati-

als may seem expensive, but they have advantages. A new technology is likely to be easier to master by means of a full-time course than by part-time study. When a production system is changed it can prove more expensive to recruit new people with the required skills than to retain older people whose knowledge has been made obsolete by the change. The opportunity to return to full-time study can also act as a reward and an incentive.

Efforts to provide continuing education will be of little avail, however, if a company's management practices aggravate the obsolescence problem. Rigid employee-appraisal systems—however streamlined they may make the work of the personnel department—can easily have a depressing effect on the workers who are appraised. So can an ostensibly "efficient" method of allocating work to different people. For instance, faced with allocating two tasks—one involving existing technology and the other requiring new knowledge—a manager is likely to give the former task to an older employee and the latter to a young man. Yet the result is to reinforce the older person's obsolescence.

Engineers are unlikely to invest the time and energy to master new methods and approaches if they see little likelihood that they will use them in their daily work life," say Dalton and Thompson. "Assignments to projects requiring the use of new technology should be made equally among young and old, if the whole work force is to remain viable."

"There may also be some advantages to pushing engineers into new fields at around the age 35-40. Many of the engineers we interviewed feel that a man becomes bored after doing the same work for 15 to 20 years. A change could result in renewed enthusiasm."

## Bringing on

Another way of keeping older knowledge workers productive is to make them share in the task of bringing on the youngsters. "Unless a man can at least partially engage himself in bringing along the next generation in his organisation or profession," the researchers state, "he is doomed to a lonely and eventually unsuccessful competition with his members. Instead of vicariously sharing in their growth and successes,

he can only feel threatened by them."

It is certainly hard for a middle-aged suddenly to shift from the competitive attitudes of younger years to the role of coach to his successors. Yet a company can help him to make the change, not only by specifically assigning him as part-time "father" to a new comer, but also by providing counselling services which will help him to think about his own career in new ways.

This raises an important point about men in the 40-plus age group. Several psychologists have indicated that men as well as women go through a "change of life" at this time. From the crisis a man's career can go either way. He can accept that his creative years are over and become stagnant and bloody minded. If circumstances are favourable, however, he can start a new phase of development and change. So it is in everyone's interests—the company's, the country's, and the individual's—to make sure that the circumstances are favourable.

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PEOPLE WHO get into financial difficulties are "basically very honest," claims Mr. Kenneth Cork, the receiver and liquidator whose firm, Cork Gully and Co., has been involved in the liquidation of Vehicle and General Insurance, Lines Brothers, Handley Page, and Fire, Auto and Marine. Mr. Cork says most business men have no intention of deceiving. "Where they do deceive, it is in the way they try to get out of the business," he explains. Creditors he says in an interview with Accountancy Age, to it more quickly.

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# Saleroom

## Doulton in focus

BY DAVID ROBINSON

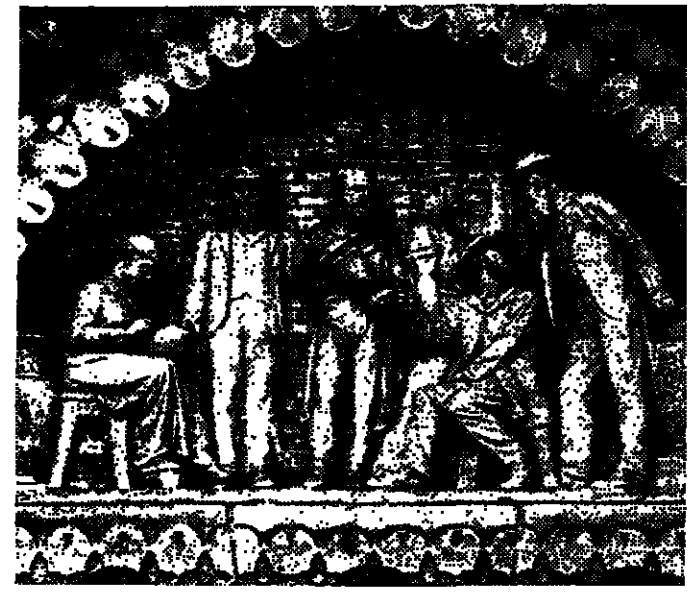
DOULTONS of Lambeth were founded in the year of Waterloo as manufacturers of the brown salt-glazed stoneware which had been made on the banks of the Thames since the 17th century. At first, they produced a variety of domestic ware, notably the amusing spirit flasks, modelled with the portraits of celebrities of the time, which had their biggest vogue between the time of the Reform Bill and the accession of Queen Victoria. The new Victorian bourgeoisie, however, favoured daintier wares for their houses; and by the 1860s Doultons' principal output was of drainpipes, chimney pots, water filters and commercial wares like ginger beer bottles.

But Henry Doulton, who had gone into the business as a working potter in 1835 when he was 15, and became a partner in 1859, had clearly a great pride in his craft. The firm's products were exhibited at the Great Exhibition of 1851 and at the international exhibitions of 1862, in London, and 1867, in Paris. After his Paris exhibit, Doulton finally agreed to a repeated suggestion of John Sparkes, the head of the Lambeth School of Art, that some of his students should be permitted to try their hand at decorating the firm's salt-glazed stoneware.

The first work of the little studio thus set up was enthusiastically praised at the South Kensington Exhibitions of 1871 and 1872; and thereafter the size and prestige of Doulton's art pottery grew. In 1887, Henry Doulton was knighted for his contribution to industry. The Doulton Studio played its role in the Arts and Crafts movement, and paved the way for modern studio potting. Even though its artists tended to be decorators rather than potters in the full sense, the studio's vigour and individuality of their work was a vital reaction against the debilitating effects of industrialisation upon British ceramic manufacture.

Over the years the achievement of the Doulton artists has been obscured partly by changes of fashion, partly by seeing Doulton ware out of its proper context and in association with the indubitably large quantity of inferior commercial work that was produced in later years. Richard Dennis's current exhibition "Doulton Stoneware and Terracotta, 1870-1925," at 141 Kensington Church Street (until October 9) is a triumphant effort to bring the Doulton achievement into focus.

Mr. Dennis has formed the collection over several years, rigorously rejecting all but the finest examples of each artist's work. The result is an accumulation of some 875 pieces, beautifully arranged among potted



Detail of a terracotta panel modelled by George Tinworth c. 1876 depicting Henry Doulton surrounded by some of his artists. This panel is still above the main door of the old Doulton building in Lambeth High Street.

clay. Her sister Florence specialised in birds and there is a legend that they had an agreement not to poach each other's territory.

As early as 1883 Edmund Gosse devoted an elaborate monograph to the work of George Tinworth who was with Doultons from 1886 until his death in 1913. Gosse called him "a painter in terracotta"; and his work shows a characteristic Victorian split personality: alongside elaborate religious reliefs, he turned out quantities of endearing little nonsense animals. Mark V. Marshall, a brilliant modeller, is represented in the exhibition by some of his very different grotesque animals, as well as fine vases in the Art Nouveau style and others that seem to look forward to the twenties and art deco.

Other artists too are startling in their variety. Eliza Simmance, who worked in the Doulton Studio from 1873 to

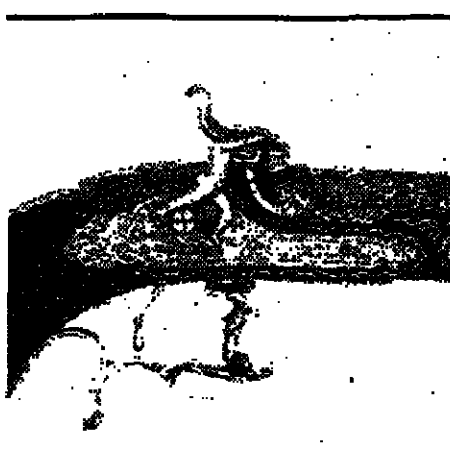
1928, constantly renewed her style, throughout the whole period. Frank Butler, deaf and practically mute, was a notable technical innovator, who responded enthusiastically to Art Nouveau influences. Among later artists, both Arthur Harradine and John Broad specialised in sculptural figure groups.

The bulk and variety of Doulton studio products has always made them popular with collectors; and the fact that most of the signed and dated works are unique productions gives scope for constant discovery. They are still within range of the modest collector, even if the chances of finding a Marshall vase or a Tinworth mouse for a couple of pounds are slimmer now than they were five years ago.

In Richard Dennis's exhibition, prices start at £6 for an attractive unsigned foliage vase, and go up to £450 for a spectacular clock-case by Tinworth, sculpted with Aesop's fables, and with a presentation plaque from the Baroness Burdett-Coutts. In between there are a good many excellent signed pieces at between £20 and £50, though an elaborate architectural clock case, a John Broad figure of Queen Victoria or a moderately important Hannah Barlow vase costs about £100.

The best buy, though (at £250) is the scholarly catalogue with every item listed and most illustrated; and with a reproduction of a Memorial presented to Henry Doulton in 1892 by his lady artists, in gratitude for "the origination of an occupation at once interesting and elevating to so large a number of our sex." It seems a peculiarly modest assessment of so significant a contribution to the history of British design.

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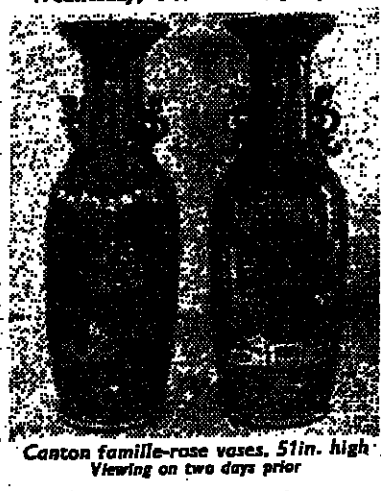
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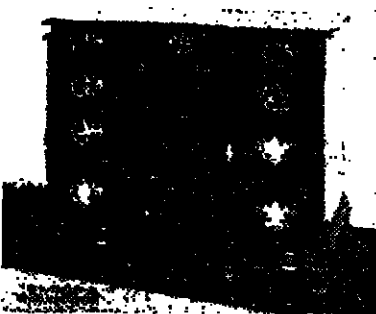
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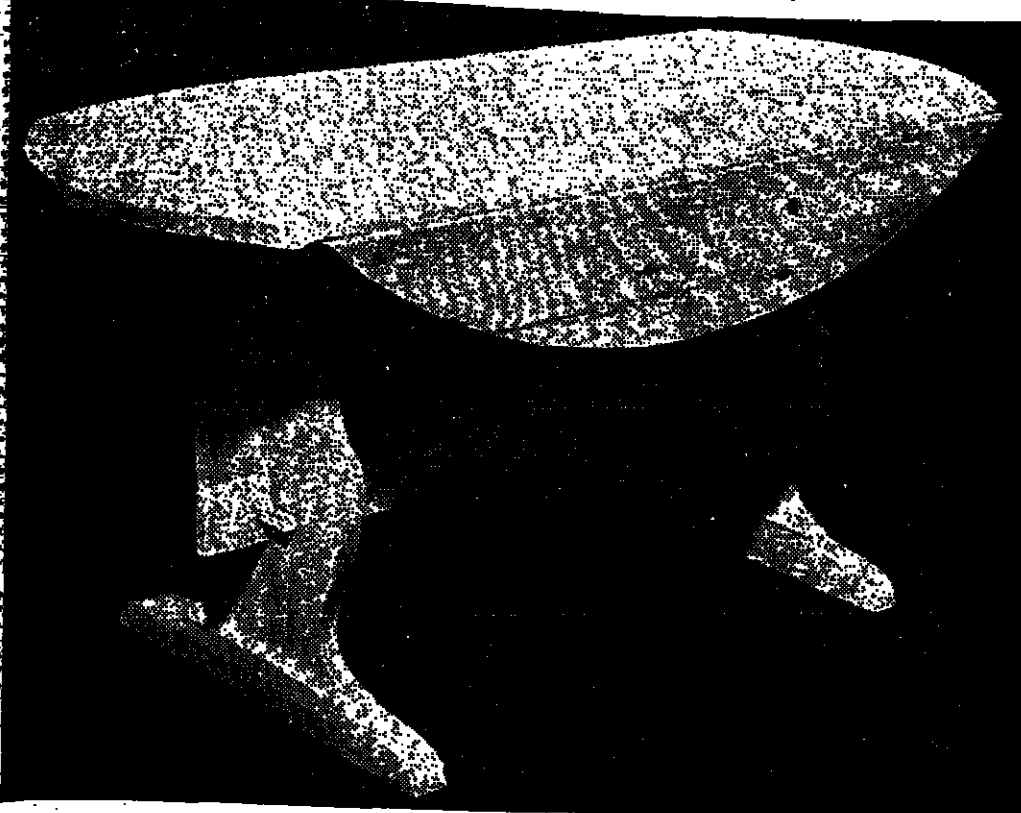
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## How to spend it



Pine went over well with readers so here is more of it. Ducal's serving-table cum sideboard is pretty, if that's the right word. You could put Ducal's dresser unit or shelves above it to magnify its storage space or to make it a kitchen dresser. It is 4 feet long by 16 inches deep by 28 inches high. It costs about £42.50 and is in really pale but mellow pine. The model number is B 250. See below.

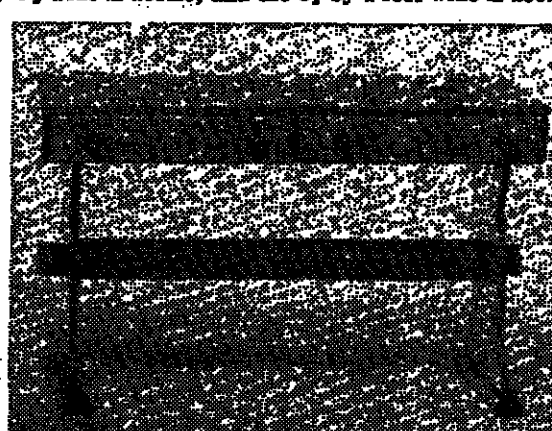
Also from Ducal is the space-saver table. Oval, with drop leaves that narrow it down for small spaces, is 39 inches wide by 53 inches long at widest and longest points. Closed, it is 23 inches wide. Six can be seated in comfort. Price is about £37.50. See below.

Two more additions to Ducal's pine range include a new chair with 2-bar back and rush seat that is just the right sort of styling for pine, and a refectory-end serving table which is versatile enough to be a desk, bar table, hall table, etc. Again, the Ducal dresser unit or shelves could be added above. Stockists include John Lewis and Peter Jones plus some branches; Times Furnishing branches; and others too numerous to mention. Get their names from Ducal at Christ Street, London, E.14.

The Inpine refectory table is pretty unusual because it folds for small areas yet comes in three sizes which can seat from 6 to 12 people. Beautifully made, with genuine feeling for the wood and for the "period" look. Very solid, too, and lovely to hear its solid sound as you knock it or to see its natural sort of surface. Made of kiln-dried, selected pine but with a heat and stain resistant finish, it comes from Inpine of 455, Fulham Road, London, S.W.10 (01-352 0359) or Ormond Terrace, Regent Street, Cheltenham (27247). I have put the phone numbers in brackets because delivery is chargeable to some areas and you might wish to discuss that. The 44 by 3 feet wide size is £54.50; the 51 by 33 wide is £59.25; and the 61 by 4 feet wide is £65.



Ducal



## TV and electric hints

Decca joins the battle for cheaper British TV and comes out a worthy opponent to any imported brand. A very simple, smart, portable 12-inch monochrome receiver will sell at under £70—well under £70 at some of those retailers who go in for keen prices. It runs off 12-volt battery in car, boat, caravan, etc., or off mains. It measures 16½ by 10½ by 11 inches and has many internal factors of the kind normally found only in expensive sets. Stockists from Decca Radio and TV, Neeshells Lane, Willenhall, Wolverhampton, Staffs.

The second Decca weapon is a 17-inch colour receiver. It will sell, like Thorn's Ferguson, at well under £200. For bigger screens at value prices, look at the GEC range. I must admit that colour is at its best on the big screens—my Pye is a 22-inch and I wish I had made it 25-inch. But then, not all viewing situations nor all pockets are suitable for the big screens.

Two-set homes are gradually becoming the norm, and there really is a big choice of smaller screens, second sets in monochrome. Having had so much pleasure over the years from my bedside Sony, I am delighted by the British counter-attack on what is irrefutably Japanese excellence in this field. I do not consider two sets a luxury. How nice, when people call and conversation begins, that the one or two people who want, or need, to see a programme can slip away and do so. How nice that the family need not disagree on its choice of viewing—I know of one couple where one or the other slips next door because they so rarely agree on what they want to see. For me, the greatest luxury is viewing in bed. Since late-night movies are so often in black and white, I find it easy to leave the downstairs colour set and to stretch comfortably in bed with the little monochrome set.

## Switch-off

Incidentally, I have had questions from two or three readers about devices for switching off sets if one falls asleep, which is a potential danger of bedside viewing. The solution is a Smith's "Arto-set," to use for any appliance. Switch on the washing machine or switch off the TV set; the lights before you get home, or the fire, or the radiator; anything.

## Extension leads

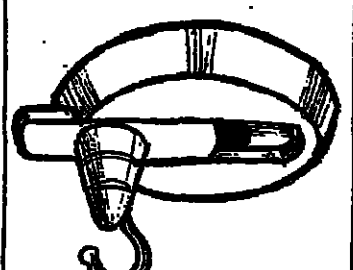
One or two other questions from readers makes it worth also mentioning floating plugs once again. That's what they used to be called, long ago, in film and photographic studios. To-day, they are sold domestically, in almost every electrical shop, as extension points or plugs. They are electric power points safely encased so as to be able to lie free and "float" on shelf or floor. Plug into them—the other end of the flex to which they are attached being plugged into the fixed power point. I have two or three in the tool bag that holds my electric drill, so that it can be used at short, medium, long, or very long distances from the garage power point. It's so much better than trailing flex to have about the right length. I have fixed some for friends whose power points become almost or entirely inaccessible because cupboards or other furniture must go in front of them, or because they are in odd corners. I have fixed some for people with some arthritic complaint, who find bending painful and like to avoid it. For myself, since I tend to change around beds and furniture just to make the room different periodically, they are invaluable because the power points' positions do not need changing. Useful, too, for vacuum cleaners up and down stairs and corridors. Most of the firms, if not all, who make plugs now make these extension or floating points. Plenty at Woolworths and other electrical dealers.

## Light advice

While on electrical subjects, the ultra-slim Mazda "arrow-slim" range of fluorescent lighting has been redesigned to look good and to behave even better than before. Black-and-white lampholders are smarter. Mounting spacers at the back of the batten make both for easier mounting and ensured air space for safety. Push switches, easier, spring-loaded lampholders and either angled or U-shaped diffusers are also new. One very good idea is a white baffle with black end plates. It is designed to fit with lighting under kitchen cupboards and the like, to throw the light down on to the working counter. It can be used with a switch-socket box in stainless steel. The box incorporates a 13-amp. switched socket for mixers and things as well as a five-amp. switch. Leads are available at Mazda dealers, whether smaller shops or large stores, or from Thorn Lighting, Thorn House, Upper St. Martin's Lane, London, WC2H 9ED.

A first-class book on lighting has been produced by the Electricity Council called "Lighting your Home." It costs 20p, including postage, from the Electricity Council (Trafalgar Buildings, 1, Charing Cross Road, London, S.W.1).

I did not know, until seeing it in this book, about the ceiling rose which separates in two so that you can take down the whole ceiling fitting complete without unwiring and rewiring. You wire into a little unit and attach the flex or chain or whatever to a hook, cord-grip or rod. The unit and hook, etc., are on



a sliding plate which slots in and out of the fixed ceiling rose to make and break electrical connection. It sells, mail order, from Mason and Lewden, of 5, Argall Avenue, London, E.10, for £1.7p, including postage. Sounds a lot, but oh, how well worth it for cumbersome fittings that need washing, etc., or that are heavy to hang on to while your wiring efforts go on. Colours of the metal rose are bronze, chrome, brass, black, matt white, gloss white.

## Paris Pattern

We have been inundated. So glad you liked it, but I hope you will be patient if the pattern doesn't arrive until the middle of next week. Everyone is working to get them out.

## St. Paul's Box

The Bilston and Battersea enamel St. Paul's Box, this past week, is from Halcron Days, of 14, Brook Street, London, W.1.

## Girl with trolley



Serve coffee on castors with this two-tier trolley-table from a very good range of tables and trolleys. Very well made, with aluminium, angled frames in "brass" or "silver" finish, and having removable shelves of clear or smoked glass that is really tough and strong.

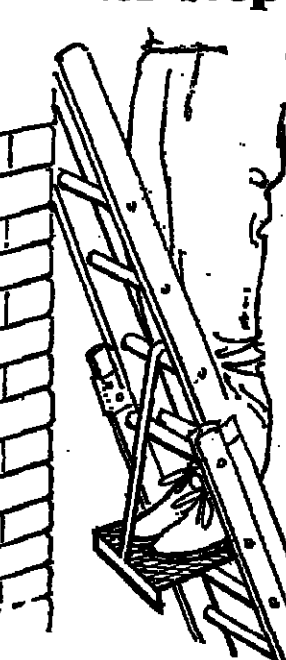
There are models for every need. A 2-foot square costs about £15.90 with smoked or £13.95 with clear glass. A long one, 4 by 2 feet, is £21. The prices are definitely good value.

Trolleys between £18 and £33 according to size and it is useful to find some smaller trolleys, like 15½ by 19½ inches square. There are also small, 3-tiered tables that build up into shelves or storage units. These have white plastic or black glass shelving and cost £9.90 for the 15-inch square or £11.90 for the 17½-inch square. Both are 18 inches tall.

They are in stock at Harrods; Selfridges; Derry and Toms; Beales of Bournemouth; New Dimension Shopping Centre at Manor Works, Manor Road, West Ealing or 1A, Church Road in Croydon; and at some of the Lewis's shops, where they should be from next week. Also at the Elexon Gift Boutiques at 47, Golders Green Road, 37, St. John's Wood High Street, and 169, Station Road in Edgware (all in London). Just a reminder, by the way, that prices I give have to be fairly approximate these days unless I am quoting only one source or stockist.

The tables are made by Pollard Marketing of 59/63, Ridley Road, London, E.8.

## Ladder-step



I mentioned a platform for ladders a few weeks ago, but the verbal description was not enough for a lot of readers. Here is a drawing to show how it works by hooking on to the ladder and giving foot room. It was £1.90 and came from Weald Products.



Sheila Black

Spear and Jackson, I thought, as I read the invitation. They make those quality tools for garden and elsewhere. So I went along. And I saw no tools. I did see a pretty girl, in a bath, wrapped in a towel of which one end was being tugged by a man holding a vice. The photographer happened to be Tony Nathan, whose pictures so often adorn this page, and he was obviously enjoying the job. However, he confided to me, "I don't suppose anyone will use this shot because it's a good vice. People interested in vices wouldn't want pictures of girls in the bath." It was an endearing remark, wasn't it?

Well, I'm using his picture of Girl with Vice. Largely because the vice is so good, but also because I still get reprimanded from time to time for lack of pin-ups.

The vice is an improved version of "The Lockjaw." I liked the old version but this does have pluses. First, for me, it just clings immovably to any non-porous surface. My work-bench is a wooden board placed across a piece of card on top of my freezer. Or a heavy wooden crate to which I cannot clamp a vice. This vice hangs on strongly enough to lift the crate (I won't put it straight on the freezer in case it lifts that).

Having limpetted itself to the work-bench, the Lockjaw then exerts terrific holding power on anything that gets into its jaws, whether that be small and tapered or large and of regular shape. The grooved, rubbery, rocking jaw does away with the need for packing into odd corners.

I thought this vice was good when it first came on to the market about a year ago. But Spear and Jackson, who saw its many advantages over conventional versions, decided it could be much better. They bought the patents, worked with the inventor and are now selling this better-best model at a lower price. It now sells at about £4.75. A G-Clamp, if you think you need one, which you don't, is £1. Stockists from Spear and Jackson of Aetna Works, Savile Street, S4 7UR.

## No soupy ties

I'm sure men worry more about soup or spots on their ties than wine in a glass. That, too, was than lipstick on their collars. Lipstick is removable (lighter fuel, if you didn't already know that). Ties are never really the same again once they have had to be cleaned.

Tie-Gard seems to work. It is an aerosol spray, holding I may have a go on a dress or enough to treat ten ties. I try something. The fabric appeared tell me. My test-pilot tie to me the same before and after, sprayer has treated only one tie, not stiffened by the spray as He followed my instructions, one might have expected.

Spraying with overlapping It costs £1.50 per aerosol, is in passes until the tie was most tie shops now, and is being thoroughly saturated. I left marketed by Alan Comfort, of the tie to dry (30 to 60 minutes, J. Comfort and Co. (who makes the tie say, but I left it three ties), Fenton House, 53-57, hours for luck). Then I threw great Marlborough Street, celery soup at it, quite literally. London W1V 1DD.

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Tyndall Property Fund at present is invested in first-class office and shop properties in London and the South East. They are all let at rents substantially below the current market level, so their values are steadily increasing as lease renewal dates draw nearer, quite apart from the increased revenue that will then be obtained. The rate of growth is increased too because the properties have been skilfully chosen.

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Tyndall Property Fund follows the well-proved Tyndall principle of keeping charges low by having a high minimum investment of £1500.

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## ADVERTISEMENT

## Lose 10 Pounds on Grapefruit Diet

LOS ANGELES (SPECIAL)—The popular grapefruit diet that everyone is talking about is sweeping the country, enabling overweight people in all walks of life to easily and quickly become slim, trim and attractive, while still eating almost all they want. Without pills or drugs thousands of people are slimming down and feeling young again.

## Up to 10 lbs. in 10 Days

Those who follow the simple plan exactly as directed, report a loss of up to 10 pounds in 10 days. There is usually no weight loss for the first 4 days, but you could suddenly drop five pounds on the fifth day and continue to lose about a pound a day up until the 10th day. Thereafter, you could lose a pound and a half every 2 days until you reach your proper weight.

## Eat Almost All You Want

Better yet, you can still eat almost as much as you want of foods like steak, chicken, lobster with butter sauce, gravies, bacon and scrambled eggs. And you will continue to lose weight. The secret behind this "quick weight loss" diet is simple. You eat the "permitted foods" listed in our Grapefruit Diet Plan (R) and you will lose unsightly fat and excess body fluids.

## Plan Available

To get a copy of this highly successful diet plan and suggested menus, send £1 to WEIGHT-AWAY, Dept. FT 2/10 216 St. Margaret's Road, Twickenham, Middlesex (Please PRINT your name and address clearly.) This plan is fully guaranteed, and if, after trying it faithfully you find that you don't lose weight as outlined above, your £1 will be promptly refunded.







## CS: hopes wane for Clydebank yard

HOPE of saving the Clydebank yard of Upper Clyde Shipbuilders appeared to wane last night.

Mr. John Davies, Minister of State, said he was prepared to "give" every thought to the rescue of the Scotstoun yard. "If a feasibility study proved it could become viable and profitable," he said.

One of the two yards was closed at an 8.15 minute meeting at Kilmarnock, Glasgow, between Mr. Davies and Mr. Hugh Stenhouse, chairman of the new Government-backed Govan shipbuilders, which also includes the Largs division.

Mr. Davies said: "I am not sure, Mr. Stenhouse, about the position regarding Clydebank."

He answered me by saying that, as far as his company was concerned, he did not see any possibility of saving Clydebank, which would have a future viable basis for including Clydebank."

But Mr. Davies said the possibility of saving Clydebank was still open—provided someone came forward with a viable proposition.

### Critical questions

As far as Clydebank was concerned, "Mr. Stenhouse cannot simply conjure a viable proposition out of the air."

Mr. Davies stressed that one of the "critical questions" was whether there would be enough work to sustain three yards. But he had "every confidence in common sense and reason prevailing among the workers."

In Glasgow earlier, more than 8,000 UCS workers gave unanimous approval to a pledge by their shop stewards that "full co-operation" would be given to any plan to save the company's four yards.

The ball is right back in the Government's court," Mr. James Reid, the stewards' spokesman, said.

### New company

Mr. Stenhouse denied at the Press conference that he had given any hope of saving Clydebank when he met union leaders and UCS shop stewards in Glasgow on Thursday.

"I want to make it clear the new company is willing to get under way as fast as possible to get over its problems. But if this is made conditional on the operation of four yards or nothing, the future would be seriously jeopardised."

Mr. Davies stated that Mr. Stenhouse had said he was prepared to consider the inclusion of the Scotstoun in the new company.

"I am not unprepared to give

### TALKS LIKELY AT BAC NEXT WEEK

By Our Labour Staff

JOINT domestic talks aimed at ending the month-long redundancy dispute at the British Aircraft Corporation's Filton works, near Bristol, are expected to get under way next week.

This move follows meetings in Bristol yesterday between Mr. John Ferguson Smith, BAC's chief executive at Filton, and Mr. Ernie Brown, regional chairman of the Confederation of Shipbuilding and Engineering Unions.

## Threat to Michelin plant

BY OUR OWN CORRESPONDENT

STOKE, Oct. 1

AFTER A WALK-OUT of about 2,000 workers, union officials claimed yesterday that the Michelin factory at Stoke was faced with "complete closure over the issue of one man's dismissal."

Employees say that the man was dismissed because the company said he was not fit for work even though his own doctor had said that he was fit to carry out his job.

A Michelin spokesman confirmed yesterday that production was being affected by the dispute involving a workman who had lost his job. But he refused to say how many men were involved.

A mass meeting has been arranged for Sunday. Mr. Bill Young, district secretary of the Transport and General Workers' Union, said that the whole factory was likely to close as a result of the dispute. Engineer-

### Assurances on EEC to Isle of Man and CI

By Our Foreign Staff

BRITAIN has assured the Channel Islands and the Isle of Man they will not have to enter the Common Market on terms they disapprove. Representatives from all the islands were told this during talks with Mr. Reginald Maudling, Home Secretary, and Mr. Geoffrey Rippon, Britain's chief Common Market Negotiator, in Whitehall yesterday.

## Objections to IR Act 'a travesty of truth'

By Peter Cartwright

BIRMINGHAM, Oct. 1.

MR. ROBERT CARR, Secretary for Employment, described as "a travesty of the truth" unions' objections to registration under the Industrial Relations Act as involving loss of independence.

"It is incredible to me that many trade unions believe that the degree of supervision implied by the Act means the end of trade union independence," he told leading Midlands employers here today.

Many other organisations, such as Friendly Societies and limited companies, were subject to supervision or regulation by the law, but remained in substantial control of their own affairs, even though not free to do so exactly as they pleased regardless of the consequences to the public of their members.

### Major speech

Mr. Carr deliberately chose what he called the heartland of British industry to deliver a major speech on the first day of implementation of stage one of the Act.

## Changes to Abbey Life property bonds

BY MICHAEL BLANDEN

ABBEY LIFE Assurance, the market leader in the property bond business, is introducing a substantial range of changes and improvements to its specialised products.

Announcing the changes this week Mr. James Anderson, managing director, expressed his confidence that the company would be able to maintain its recent rate of growth.

Its property bond fund, he said, was now valued at over £64m, and in each of the last two months the inflow of premiums had topped £3m.

The developments include changes to the company's single premium bonds—giving a tax free income—on a half-yearly, quarterly or monthly basis. And it is simplifying its contracts by using accumulator units, so that income is fed back into existing units instead of being used to re-allocate extra units.

It is also improving the scale of its life assurance cover.

premium plans against the previous 1 per cent on the equity and property plans.

As a result of the group's experience so far, it is cutting the deduction made for capital gains tax on new and most of the existing policies from 20 to 15 per cent, or from 1 to 1 per cent.

It is also bringing in an element of flexibility in all plans, giving the policyholder the option, within certain limits, to convert his investment from one kind of unit to another, with the effective choice of determining from time to time whether the main investment should be in property or equities.

The company is also offering withdrawal plans on single premium bonds—giving a tax free income—on a half-yearly, quarterly or monthly basis. And it is simplifying its contracts by using accumulator units, so that income is fed back into existing units instead of being used to re-allocate extra units.

It is also improving the scale of its life assurance cover.

## Saleroom Old Masters sold for £27,243

A SALE of Old Masters at Christie's yesterday totalled £27,243. B. Koetscher paid 1,000 gns for a 17th century Flemish school picture of a dead swan. A view of Harlem from the river in the style of Ludolph Bakhuysen, went to a private buyer for 680 gns, an 18th century English school river landscape to Leggatts for 620 gns and a small harbour scene by Abraham Storck to a private buyer for 480 gns.

B. Cohen gave 440 gns for a Genoese school harbour scene and 420 gns for a still life by Thomas van Abshoeven dated 1649.

At Phillips's £7,840 silver sale, Bloomstein paid £290 for a 25-oz. hinged tankard, probably by John Payne, 1759.

### CHANGE OF NAME

The Stewart Smith Group, member of the Mercury Insurance Holdings Group, announce that the name of Stewart and Kingsley (Reinsurance) has been changed to Stewart Smith (Reinsurance) Brokers.

## Gas sales on way to achieving target

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

THE GAS INDUSTRY is well on the way to achieving its target of 3,653m. therms to domestic customers, 1,704m. to industrial users, quadrupling sales in the 10 years to 1975-76, Sir Henry Jones, chairman of the Gas Council, said yesterday.

Sir Henry, who retires at the end of the year, forecast that sales of commercial gas would increase by 130 per cent. between now and 1975-76.

In the year ended March, 1971, the industry achieved sales of 3,653m. therms to domestic customers, 1,704m. to industrial users, quadrupling sales in the 10 years to 1975-76, Sir Henry Jones, chairman of the Gas Council, said yesterday.

The Gas Council expects a significant expansion in the commercial sector from shops, offices and other premises in congested city centres, where the environmental benefits of natural gas offer most advantage.

## Further bill rate fall

FINANCIAL TIMES REPORTER

THE TREASURY bill rate continued its down trend at yesterday's tender, falling 0.0296 per cent. to 4.7235 per cent. This brings the loss since Bank Rate was cut from 6 per cent. to 5 per cent. on September 2 to 1.0817 per cent.

Over the three tenders since the Discount market abandoned its practice of submitting a syndicated bid, the rate has been cut by 0.1398 per cent.

The minimum accepted tender yesterday was 4.9352, against 4.9648 the previous week, and at this level were met as to 92 per cent.

With the amount of bills on offer cut by £60m. to £120m., applications fell £63.8m. to £56m. All bills offered were allotted while next week £100m. bills will be on tender, against maturities of £180m.

# Now at £64,000,000, the Abbey Property Bond Fund is bigger than all the others put together. That's why we can give you a stake in the best properties around.

Property Bonds have now become a fully accepted and successful method of investment. None more so than Abbey Property Bonds.

(Which now contain additional features relating to reduced liability to Capital Gains Tax; improved withdrawal facilities; greater flexibility and other benefits detailed in the body of this advertisement.)

At the time of writing the Abbey Property Fund stands at £64,000,000. With this behind us we can purchase, on favourable terms, large individual properties costing millions of pounds each. (As illustrated by Mercury House, Bristol, shown on the right, which is valued at over £1,000,000.)

Most other funds just cannot afford such large transactions.

In the last 12 months alone, Abbey Property Bonds rose in value by 12.25% (including the reinvested rental income net of tax). To achieve the same result a standard-rate taxpayer would have required a gross income of 17.1% on his money.

In the same 12 months, investors continued to place an average of over £2 million with us each month.

### Security

The Abbey Property Bond Fund is the biggest and most successful in Britain. We have 32,000 Property Bond holders with an investment of £64 million.

Abbey Life itself, one of Britain's best known Life Assurance Companies, with assets exceeding £130 million, is a member of the £2,800 million ITT Group.

### Built-in Life Assurance

As long as you hold Abbey Property Bonds, which are single premium life assurance policies, your life is assured automatically, at no extra cost. As part of the new improvements, life cover will increase by 30% p.a. compound from the policy anniversary following your 65th birthday.

In the event of your death the amount payable to your family will be either the current value of your Bonds, or the amount shown on the life cover table on the application form (which increases as described above)—whichever is the greater.

Naturally, if you've withdrawn money from the Fund, the amount of life cover will be correspondingly less.

### 6% p.a. Tax Free

Provided you make a single investment of not less than £1,000 you may, if you wish, withdraw up to 6% of the value of your Bond each year—entirely free from Income Tax and Capital Gains Tax.

The withdrawal scheme also incorporates a new feature. If you invest not less than £2,000, £4,000 or £12,000 you may now elect to have your withdrawals paid half-yearly, quarterly or monthly respectively. Provided that the annual total withdrawal does not exceed 6% and that total annual appreciation is not less than 6%, your Bond would retain its original value (calculated at the offered price of the Units).

The annualised growth rate achieved has in fact comfortably exceeded 6% since the Bonds were introduced.

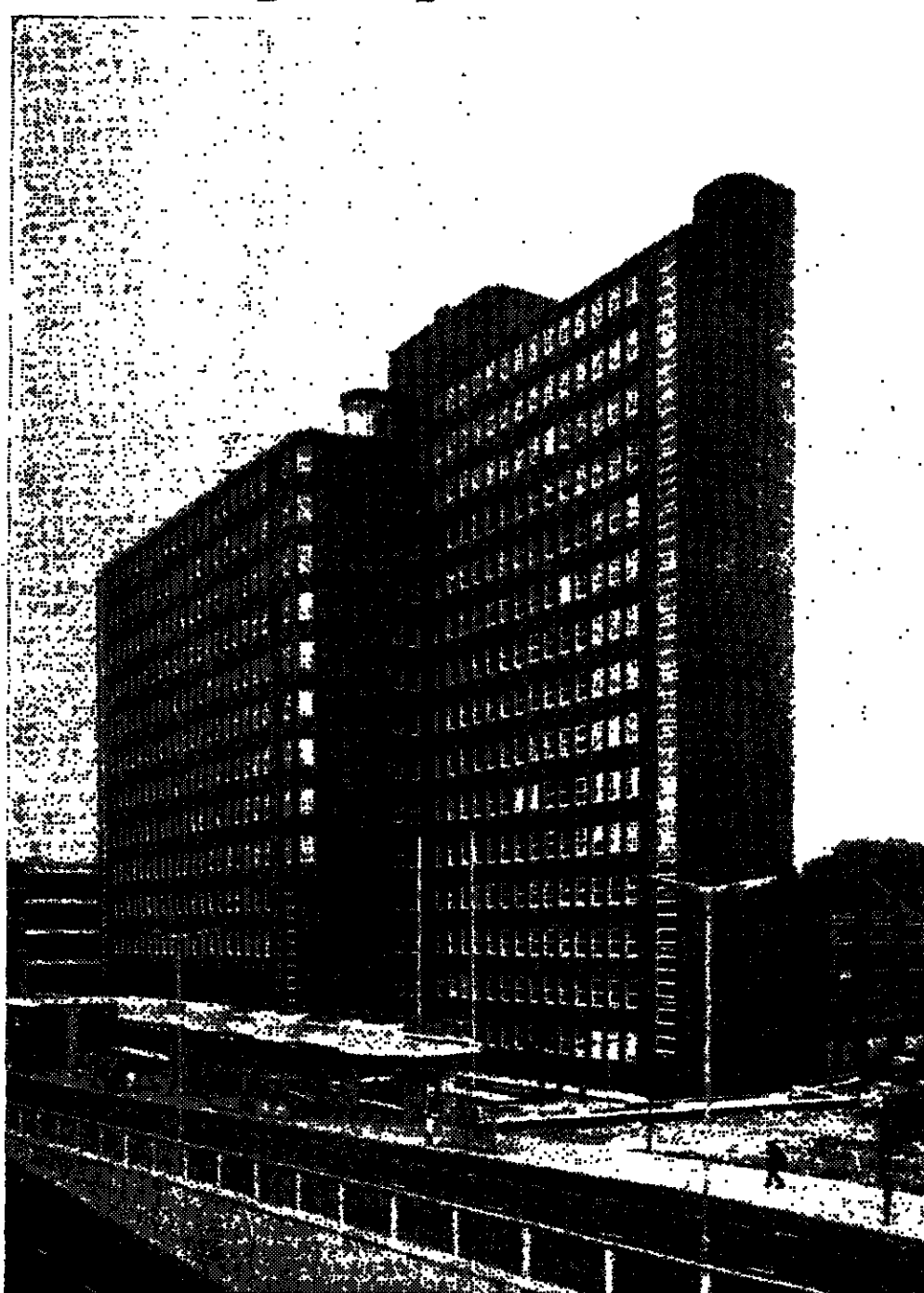
### Conversion Option

This is a new feature unique to Abbey Property Bonds. You may at any time elect to convert the units of your Property Bond into Abbey Equity Units or Abbey Selective Units, at a cost of only 1% of the value of your units.

### Income Tax & Capital Gains Tax

With Abbey Property Bonds you have no personal liability to Income Tax or Capital Gains Tax either while you hold them or when you cash them. The Company is liable to income tax on the rental income, at the special Life Assurance Company rate—currently 37.5%.

The Company also makes a deduction where appropriate from the value of cashed-in units to cover its own Capital Gains Tax liabilities. These liabilities are not adjusted for in the



Mercury House, Bristol. One of eight major properties in the Abbey Property Bond Fund with an aggregate value of £23,000,000.

## Abbey Property Bonds

To: Abbey Life Assurance Company Limited, Abbey Life House, 1-3 St. Paul's Churchyard, London, EC4M 8AR. Tel: 01-248 9111

I wish to invest £\_\_\_\_\_ in Abbey Property Bonds (any amount from £1,000) and I enclose a cheque for this amount payable to Abbey Life Assurance Company Limited.

Surname (Mr./Mrs./Miss) \_\_\_\_\_

Full First Names \_\_\_\_\_

Address \_\_\_\_\_

Occupation \_\_\_\_\_ Date of Birth \_\_\_\_\_

Are you in good physical and mental health and free from the effects of any previous illness or accident? ☐ Yes ☐ No

If not, please give details \_\_\_\_\_

Do you already hold Abbey Property Bonds or Abbey Equity Bonds or another Abbey Life Policy? ☐ Yes ☐ No

Tick here for 6% Withdrawal Scheme ☐ quarterly (minimum investment £4,000) ☐ half-yearly (minimum investment £2,000) ☐ monthly (minimum investment £1,000)

Send in your application and cheque now to get the benefit of the new accumulator Units allocated at the initial offer price of £1.00. Offer closes on Tuesday October 5th which is Valuation Day. Thereafter Units will be allocated at the offer price ruling on receipt of your application.

Signature \_\_\_\_\_ Date \_\_\_\_\_

A full explanation of the new accumulator units is given in the paragraph on Regular Valuations. The application of the new units will be subject to the approval of the Company, and the life cover may be restricted. Commission of 1% will be paid to the Agent. The agent's name is given in the list of Agents. The agent's name is given in the list of Agents. The agent's name is given in the list of Agents.

unit price. Whereas before the deduction was made at 1/2 the full rate of tax in present circumstances the deduction will be made at 1/2 of the full rate—a new feature.

### Surtax

Surtax payers are liable to surtax (or higher rate tax after 1973) when they cash in or on death, depending on their surtax situation at the time of cashing in. There are a number of provisions which enable a surtax payer to reduce, and possibly eliminate, the liability. Very high surtax payers should contact Abbey Life for precise details.

### Investment Policy

The Abbey Property Bond Fund is invested in top industrial and commercial properties with really sound tenants. To name but a few—National Westminster Bank, Esso Chemicals, The Post Office, W. H. Smith, American Express, IPC and Boots.

The Fund also buys sites and constructs its own buildings in conjunction with approved developers. Naturally, this is only undertaken with letting of the completed properties guaranteed in advance. Up to 25% of the Fund can be applied in this way.

### Regular Valuations

The Fund Managers, the Property Division of Hambros Bank, carry out a valuation of the Fund's properties once a month.

These valuations are independently audited by Richard Ellis & Son, Chartered Surveyors. To make it simpler for new Bondholders, Property Bond units will be of the accumulator type, where income is automatically re-invested and expressed as an increase in the unit value. Those who purchased their Bonds prior to October 1st will continue to receive their rental income in the form of additional units.

Prices for both types of units are published daily in leading national newspapers.

### Low Charges

To allow for life cover and management expenses, Abbey Life charges 5%, plus a small rounding-off price adjustment, which is included in the offer price of the new accumulator units.

After that, charges total only one-half per cent a year.

All expenses of managing, maintaining, and valuing the properties as well as the cost of buying and selling the Fund's investments, are met by the Fund itself.

### Cashing in Your Bonds

You can normally cash in your Bonds at any time and receive the full bid value of the Units, subject only to any adjustment for Capital Gains Tax, as described earlier.

The Company maintains adequate liquid resources, similar to that of building societies, so in normal circumstances there should be no delay in cashing in.

However, in exceptional circumstances, the Company retains the right to defer payment or implement the conversion option for up to six months, pending realisation of properties.

### Guarantee

Now, when you reach age 65, the cash-in value of your policy is guaranteed, if you have held the policy for 20 years or more. The minimum cash-in value of your bond would then be the same as the life cover illustrated in the coupon, which increases by 3% p.a. compound after your 65th birthday.

### Disclosure of Information

As a Bondholder, you'll receive our Annual Report with full details of the entire Portfolio. This includes photographs of the major properties. And full financial information to let you see exactly how your money is invested.

All new Bondholders receive a current Annual Report.

Fill in and post the application form together with your cheque. Upon acceptance of your application, you will receive your bonds showing the number of accumulator units allocated to you.

## INTERIM STATEMENTS

### Spirax-Sarco Engineering Ltd.

Unaudited trading results for the half-year ended 30th June, 1971.

	Half year ended 30 June	Year
	1971	1970
Turnover	£4,629,000	£4,426,000
Profit before taxation	506,000	597,000
Provision for taxation (estimated)	204,000	241,000
Profit after taxation	302,000	316,000
Minority interests	16,000	14,000
Balance of profit attributable to Spirax-Sarco Engineering Ltd.	286,000	302,000
Interim dividend	115,000	104,000

Mr. A. C. Brown, the Chairman, states:—

Certain special factors have influenced our trading results in the first half of 1971.

At home, the postal strike affected our largest operating unit, Spirax-Sarco Limited, by reducing the order intake temporarily; in this largely ex-stock business, the effect on turnover was immediate.

Overseas, the after effects of the four months' strike at the works of the principal supplier to our American Company resulted in the latter making trading losses until May, when it recovered to a more normal level of turnover and profitability.

Although there is lack of real buoyancy in the U.K. economy and severe cost inflation has reduced our U.K. profit margins, our overseas companies are now enjoying favourable trading conditions and we expect total Group profits in the second half of the year at least to exceed the first half year's figures.

In August this year we completed the purchase of the outstanding majority shareholding in Sarco S.A., France in which we previously had a 49% holding. Although it is unlikely to contribute to our profits in 1971, we are confident that it will make progress thereafter and it will be an important factor in our plans to increase our influence in our type of business in the Common Market.

On 1st October, 1971, we completed the sale of an unprofitable subsidiary, Heat Transfer Limited, to Graham Manufacturing Company of Batavia, New York, for a consideration of £470,000.

## AC CARS LIMITED

A Meeting of the Board of Directors of A.C. Cars Limited was held on 30th September, 1971, and set out below are the results held on 30th September, 1971, for the period of six months ended 31st March, 1971, together with comparative figures for the six months ended 31st March, 1970.

	Comparative figures for six months ended 31st March 1971	31st March 1970
Interim Dividend	—	5%
Group Profit, after all charges, including taxation	£13,700	£16,650
United Kingdom Taxation	£11,000	£14,350
Amount absorbed by Interim Ordinary Dividend	—	£5,000

During the second half of the year there has been an exceptional break in production, owing to late decisions on design details and unexpected proving problems with our newly installed automatic machine tools, required for production of the new model of the disabled persons motorised vehicles. We have suffered a set back to our trading results since 31st March, 1971, and in the circumstances, the Directors do not recommend payment of an interim dividend.

However, the major difficulties have now been overcome and production figures are improving. We anticipate a healthy increase in both sales and profitability for the year ahead.







2000

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**and Rotherham**

However, Mr. Fraser will now continue in office until the end of March. Mr. Fraser said yesterday that it was "never 100 per cent certain the changeover would be at the end of the year," and that there was no particular significance in the date. It was just a convenient time for the changeover.

The Irish central bank's rediscount rate has been cut by a further  $\frac{1}{2}$  per cent. to  $5\frac{1}{2}$  per cent. On September 20 the rate was lowered from  $6\frac{1}{2}$  per cent. to  $5\frac{1}{2}$  per cent.

Due to the general falling off in orders in the steel industry, William Beardmore, the Glasgow steel maker, announced yesterday that about 150 employees were being made redundant. Almost 100 men in the steel production and treatment units were affected, the remainder were from the administrative staff. The works employ about 1,100.



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## Code of survival for science-based companies

BY DAVID FISHLOCK, SCIENCE EDITOR

A TOUGH, 12-point specification for the kind of company that would survive the pressure of the science-based industries was presented by Dr. Iwan Maddock, chief scientist at the Department of Trade and Industry, speaking at The Hague yesterday.

Company characteristics of survivors, said Dr. Maddock, would include the ability to expand resources and skills fast enough to keep up with the "open-ended" growth of the technology, and a turnover large enough to keep the fixed-cost element to a low percentage.

### New technology

Others were the ability to supply its customer with a large measure of non-technological inducement, such as leasing, training, trade-in services and maintenance; and to be sufficiently multi-disciplined to exploit new technologies as they emerged.

Dr. Maddock was addressing an international conference on Company Survival in the Science-based Industries, organised by Management Centre Europe, and co-sponsored by the Financial Times.

Survivors, he said, would have powerful, well-established and well-disposed customers willing to provide the base load for their operations and an opportunity to demonstrate the credibility of the product.

Companies had to be prepared to exist—American style—off external supplies of specialist components, sub-assemblies and services, rather than create them "in-house." They also had to concentrate on a part of the market where they suffered no fundamental handicap compared to competitors, such as a slender home market or lack of access to a powerful customer.

To survive, a science-based

company had to face up to the fact of cost escalation, and to base its commercial decisions on "realistic rather than optimistic estimates of cost." Moreover, it had to be able to bring its product to the market quickly—regard time-scale as a dominant parameter of management—and to curb enthusiasm for branching into new opportunities.

Final points in Dr. Maddock's recipe for survival were a readiness to learn from others and "not invent here syndrome," and the courage to withdraw swiftly from the project if its viability was in doubt.

His specification, Dr. Maddock admitted, was somewhat daunting, "but in view of the difficulties experienced in the high-technology industries it is right that it should be so." It led him to three conclusions.

First the growing importance of the customer's role. Ever more powerful manufacturing groups were only a partial solution. Customers, too, had to get together to form a base strong enough to give contractors the all-important opportunity to demonstrate credibility for the new product. At the same time customers had to appreciate their power and be realistic about prices and price escalation.

Second, companies had to be prepared to adapt, by changing structure so that they more readily accepted specialist sub-contractors and by choosing markets better suited to their resources.

His third conclusion was that the "only credible way ahead" offering "the appropriate level of turnover, retaining a measure of competition while permitting specialisation coupled with viable operations," was to base advanced technology on a continental-scale rather than a national-scale economy. And there, said Dr. Maddock, time was not on their side.

## Economic Diary

STERLING AREA gold and convertible currency reserve holdings at the end of September will be published on Monday.

Other events next week include: MONDAY—Labour Party Conference opens in Brighton. Car hire purchase contracts for September. Retail trade and hire purchase statistics for August. Meeting of the Confederation of British Industry economic committee.

TUESDAY—Annual reports of the Electricity Council and the Central Electricity Generating Board. Sir John Partridge and Mr. Campbell Adamson of the CBI meet Mr. Robert Carr, Secretary for Employment, to discuss the Industrial Relations Code of Practice. Lord George-Brown opens the Business Efficiency Exhibition at Olympia. Statistics expected on

the number of foreign visitors to Britain during August. Economic Trends and the Financial Statistics for September being published by the Central Statistical Office.

WEDNESDAY—Treasury revenue and expenditure returns for the half-year to September. U.K. Atomic Energy Authority annual report. Sir Keith Joseph, Secretary for Social Services, speaks at the Industrial Society Pensions Conference. Meeting of the CBI regional development committee.

THURSDAY—Publication of the CBI Industrial Trends Survey for October. Import Duties Annual Report for 1971.

FRIDAY—Building Societies Association council meets to consider interest rates.

SATURDAY—Quarterly shipping freight index and the monthly laid-up shipping figures.

IR

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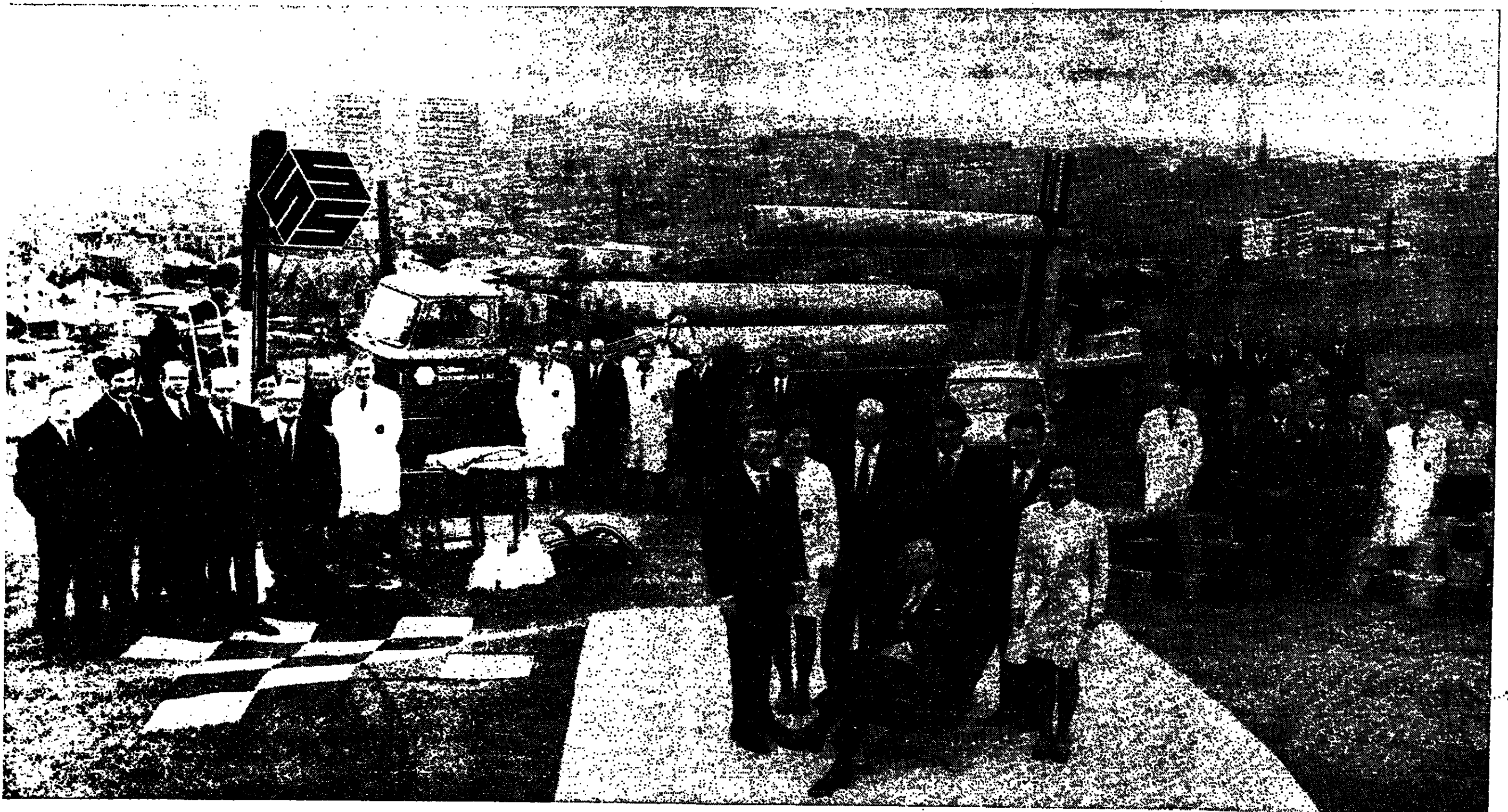
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IR



## A view from Sidlaw—a wide Horizon

For 50 years we lived with the good name of Jute Industries. Up to 6 years ago the name described us well. If it was jute, we made it. If it wasn't, please try elsewhere. Today we remain pre-eminent in jute. But you can also try us with confidence for man-made fibre knitting and weaving yarns, slit-film carpet backings, carpet tiles, fibrillated polypropylene, furnishing fabrics

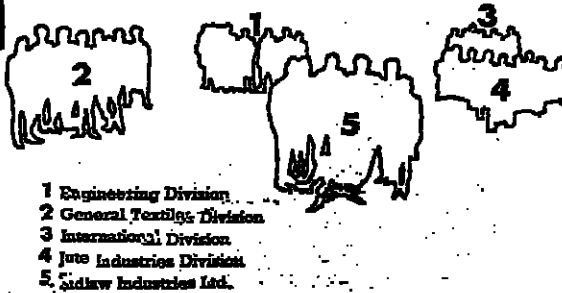
and cranes.

These are areas where we foresee significant growth. That is why we have dropped our single-fibre tag and changed our name to Sidlaw Industries Limited, taken from the hills which overlook our Dundee base.

At the same time we have formed four divisions founded on product groups to give

vigorous attention to the widely differing markets which we now serve, not forgetting our major interests in four expanding man-made fibre associate companies.

So, to introduce the new us, we took to the hills with people and products. You will observe that there is an excellent view of Dundee but an even better sight of a very wide horizon.



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سيداو من الحصن



## The Arts

## From Ensor to Permeke

BY MARINA VAIZEY

The nine artists on view at the Royal Academy are all of the Flemish, rather than French, speaking origin (oddly enough, the reverse is true of the Surrealists), and the star, James Ensor (1860-1949), who spent his childhood in Ostend in the seigneurial shop kept by his grandfather, had an English father. Evenepoel (1872-1889), was born in Nice of Belgian parents, brought up near Brussels, but spent most of his short adult life in Paris. The great Expressionist, Permeke (1889-1952), is said to have found his true style while artistically isolated in Devonshire as an evacuee during the First World War. Wouters spent two years of the same war in Holland, where he died (of cancer of the eye) in 1916; Van den Berghe, and Gustav de Smet also spent much time in Holland, and Tytgat lived for six years in London, where he worked as an illustrator, Brusselemaans and Spilliaert spent their lives in Belgium. So it is a typically international national group.

Yet the characteristics of the nine strongly individual painters emerge splendidly from the whole enormous collection, which is excellently hung and coherently arranged, among 201 pot plants kindly sent from Belgium.

Emergence is quite correct, for there have been very few exhibitions—some by the Arts Council, an Ensor exhibition years ago at the Marlborough—in this country of the modern Flemish school. It is fair, I think, to call it a School—artists and critics all knew one another, and grouped together at various times (for example, Groupe des XX, Ecole de Laethem). The finest work has long since been in private collections, primarily Belgian, and in the museums.

The short-lived Evenepoel and Rik Wouters are perhaps the most readily approachable: artists working in conventional if advanced idioms, both informed by devotion to the women in their lives—in Evenepoel's case, his cousin Louise, whom he was about to marry when he died of typhus, and in Wouters' case his much loved wife and model, Nel. Evenepoel is a fine painter of elegant technical skills, a discerning recorder of portraits and set scenes. Wouters, with an excited, nervous Post-Impressionist use of colour, is an artist whose underlying toughness gives bite to his pretty interiors, where spontaneity is disciplined to produce large paintings of a pleasing freshness, and whose sculpture, for instance, The Wild Dancer, indicate that an even more profound originality was emerging before his early death.

Ensor, of course a giant, and a mysterious figure in spite of 89 years of life. He deeply influenced other Continental painters, both Expressionists and Symbolists. His was a precocious talent; from an early age, he painted beautiful interiors and still lifes with a darkly gleaming sombre palette, and richly varied textures. Then, sometime in the 1890s he began incorporating in his paintings the elements of the souvenir shop kept by his family: masks,

toys, fantastic objects. Typical perhaps of the change is the elegant Self-portrait in a Flowered Hat (1883), the year of the first mask painting, Scandalised Masks. The self-portrait, harking back with affectionate parody to Rubens, is a wonderful piece of painting, sharpened by the later addition of the absurd, disquieting plumed and flowered hat. His palette lightens as his vision grows more grotesque, more terrifying, more mocking. Extraordinary compositions flower with an intensity of bright, sharp colours, the masked figures become the fearful and humanity, as Ensor identifies himself explicitly, as a misunderstood artist, with the figure of Christ.

The etchings and engravings, Van Gogh's work, such as the Potato Eaters, are not inapt. While Ensor grows more and more complex and haunting, Permeke's huge canvases seek simplicity out of turmoil.

Spilliaert's small watercolours and pastels are stylised, often love affairs with the mysterious, symbolic sea, a lonely figure on the beach, a figure staring out to sea. Women visiting exhibitions, marvellous expressionist portraits, from a body of work of intense interest, delicate yet exquisitely powerful. Later he turned to unpeopled landscapes filled with trees. Van den Berghe seems almost three artists in one: extraordinary paintings like The Singing Statue, simplified, powerful shrieks, with papery, pebbled textures and daunting complex



detail "Spaniard in Paris," 1899 by Evenepoel

for example, My Portrait as a Skeleton, My Portrait in 1960 (done in 1888), the magnificent large charcoal drawings (from the series known as Les Aureoles du Christ), the room full of profoundly interesting, highly skilled graphics; show an artist tormented with religious visions and hatred, or at least, distaste for much of humanity.

Permeke, at first sight, is deeply sombre, indeed solemn, until we realise that all his paintings of fishermen and poor people, monumentally posed, are shot through with affection, with an abiding, unquenchable love for the life, he shows, earthy, farm and real, so that a gigantic portrait of a not young fisherman can, without awkwardness, be called Pretty Girl. His own wooden sculpture of himself irresistibly reminds us, in its monolithic, unquenchable love for the life, he shows, earthy, farm and real, so that a gigantic portrait of a not young fisherman can, without awkwardness, be called Pretty Girl. His own wooden sculpture of himself irresistibly reminds us, in its monolithic, unquenchable love for the life, he shows, earthy, farm and real, so that a gigantic portrait of a not young fisherman can, without awkwardness, be called Pretty Girl.

## The Raising of Lazarus

BY RONALD CRICHTON

The Birmingham Musical Festival, established in 1768, revived 200 years later after a lapse of more than half a century, is back as it was before the First War on a triennial basis. Big events still take place in the Town Hall, where Elgar's Dvorak's Requiem, Elgar's three oratorios, and many Victorian sacred works once admired but now assumed to be as dead as dodos, were heard for the first time. Why not, at some future Festival, an evening of sensibly chosen extracts from these forgotten scores by Sullivan, Gounod, even Sir Michael Costa?

This year's programme, however, included three new works—the second symphony of John McCabe, John Joubert's The Raising of Lazarus, and a song cycle by Timothy Salter called Trouble. Joubert's short oratorio was unveiled on Thursday evening by the City of Birmingham Choir and Symphony Orchestra, Maurice Handford conducting, Janet Baker and Ronald Dowd as soloists. Though the work is continuous, Stephen

Tunnicliffe's libretto is divided into three scenes: the arrival of Jesus at Bethany to comfort Mary and Martha mourning their brother Lazarus, the raising of the dead man, the departure of Jesus to face trial and Passion in Jerusalem.

Joubert's style is eclectic—traditional, it writes effectively for chorus (the most dramatic moment in the oratorio was the first appearance of the unison chorale that links the sections and returns at the end). His orchestral writing is effective too, in a rather obviously pictorial way, full of sultry local colour for which the libretto, with the casting of stones, desert winds, an uneasy dawn, the struggles of Lazarus in the tomb, gives plenty of opportunity. What the flat and tepidly alliterative words unfortunately do not provide is a stimulus for solo writing more vital than the unexciting declamation and unexciting arias to which Mr. Dowd (Jesus), and Miss Baker (Mary of Bethany)—Martha is

duly referred to but has nothing to sing) brought their expected distinction but little more. Choir and orchestra evidently enjoyed themselves. The Town Hall hots up the sound in a way that demands the benefit of the doubt. In cooler circumstances, Mr. Handford might have been able to reveal a sharper edge, a more personal turn to some sections of Lazarus, but whether much can be done about the solo parts is doubtful.

The first half was all Mozart with the CBSO going smoothly through its paces in the Impresario overture and the accompaniments to Janet Baker's impressive singing of "Parto, parto" from Tizus and the concert aria, "Vado, ma dove," written for the first Dorabella, Louise Villeneuve, in the oratorio symphony. Mr. Handford was dull in the introduction, and prosy in the wonderful Andante. He set a promising tempo for the last movement, but correct speeds do not guarantee the spark of life, which remained sadly absent.

## ... Suddenly at Home

BY ROSEMARY SAY

After a long spell, here again is the well-oiled, meticulously put together thriller, every tiny nut and bolt firmly in place until the classic moment when the complicated piece of machinery falls apart. Francis Durbridge, already an established television writer with a following in many European countries, sets out in his first stage play to send his audience down every blind alley, blandly beckoning in different directions to keep the whole business spinning at the Fortune Theatre.

He certainly offers the critic a murderously difficult situation for any attempt to describe the convoluted plot risks disclosing yet another twist that would break any tension for those who were not present last night.

There is not long to wait before we are confronted with victim No. 1 in the trendily laid out

living room of the London flat belonging to Maggie and Glenn Howard. In no time at all we know about the heroin-addict girl friend who has lost one of her diamond ear-rings, the bitchy whole piece of a woman, the German au-pair who is worried at the loss of the smoothy husband's shirt at the laundry, wife's ex-boy friend who borrows money and has a cottage in the country, open-hearted sister with an off-stage interfering (by telephone) invalid husband, and of course the police. A conventional enough setting for a well-made, whodunnit—except that in this case there is no doubt who is the gentleman crook as the husband, Glenn Howard plays his group along with an efficiency that justifies his salary of £8,000 a year for an unspecified job.

Tension certainly is held for the

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into Hambro Managed Investment Bonds, and a panel of experts take over. They choose the combination of shares, property and fixed interest which they believe will offer the best balance between making money and keeping your investment secure.

The Chairman of Hambro Life, Jocelyn Hambro, has appointed four established experts to manage the Fund. They are:



George Fletcher, Chairman of the Hambros Bank Group.



Geoffrey Morley, former investment manager of the Shell Pension Fund.



Peter Hill-Wood, a director of Hambros Bank responsible for the investment department of the Bank.



Mark Weinberg, Managing Director, Hambro Life, who built up Britain's largest property bond fund.

## Where will your money be invested?

## Shares

This part of the Fund will be invested in units of the Allied Unit Trust Group. A founder of the unit trust industry in 1934, the Group has an outstanding and consistent long-term investment record. The Trusts invest in a wide spread of Stock Exchange shares, carefully chosen to give the best combination of capital growth potential and income. The Fund is also free to make direct investments in shares.

## Property

This part of the Fund is invested directly in property through the Hambro Property Investment Fund. The Fund's policy is to buy business property in the United Kingdom - first class office buildings, factories and shops let on long leases to good quality tenants.

A leading firm of chartered surveyors, Messrs. Jones, Lang, Wootton, act as independent valuers.

## Fixed Interest

Under certain economic conditions, the panel of experts may decide that part of the Fund should be held in fixed interest investments, to give a combination of income and security.

Under these circumstances, money will be held on deposit with banks, financial institutions or local authorities, or invested in gilt-edged or other fixed interest securities.

**1. The security of Hambros**  
Hambros Life is a member of the Hambros Bank Group and thus enjoys the backing of one of the world's leading merchant banks. It is managed by a team, led by Mark Weinberg, with outstanding experience in the field of investment - including building-up one of the largest and most successful life assurance companies in Britain.

**2. Increasing life assurance**  
Hambros Managed Investment Bonds have built-in life assurance cover which actually increases with the value of your Bonds. This means that the amount payable to your family on your death is always in excess of the actual cash-in value of your Bonds.

**3. Tax advantages**  
Income accumulated in the Fund is subject to tax at only the reduced life assurance company rate of 37½%. It is not treated as

your income for tax purposes, so that you pay no income tax on it. There may be a liability to surtax when you take out the proceeds if you are then a surtax payer, but this amount is calculated on advantageous terms.

You are not liable to capital gains tax and do not have the trouble of keeping records. The price of Units is adjusted to allow for the Fund's own prospective liability; currently, it is intended to restrict this deduction to 20% of the capital growth.

**4. How can I watch the value of my Bonds?**  
The Fund is split into Accumulation Units which are valued weekly. The resulting offered and bid prices are published in the Daily Telegraph, Financial Times and other leading national newspapers.

It must be realised that there is no guarantee of capital growth and that Units

can go down as well as up. On the basis of experience, however, the Company is confident that Managed Investment Bonds will prove a highly rewarding investment over the longer term.

**5. How do I cash my Bonds?**  
You can cash-in your Bonds at any time, and will receive a cheque within a few days.

**6. What are Hambros Life's charges?**  
The offered price of Units includes an initial charge of 5% and a rounding-up charge on unit trust principles. In addition, Hambros Life receives an annual charge of 3% of the value of the Fund. This covers the life assurance, as well as the Company's charges.

**7. Annual Report**  
Every year, you will be sent an Annual Report, giving a full description of all the Fund's investments.

**8. How do I buy Hambros Managed Investment Bonds?**  
Simply complete the application form and send it in with a cheque for the amount you wish to invest. Your application will be acknowledged within a few days.

**Send in your application and cheque before Thursday 7th October to obtain Units allocated at the offer price of £1.115. After this date Units will be allocated at the price then ruling.**

The death benefit is a percentage of the cash-in value of your Bonds, depending on your age at death. Specimen examples are set out alongside full tables appears in the Bond policy.

These benefits come into force only upon acceptance of your application by the Company, which reserves the right to alter medical life cover if you are not in good health or for any other reason. Commission of 115% will be paid on any application made before the closing of the book. Insurance broker, stockbroker, solicitor, accountant or estate agent. This advertisement is based on latest opinion regarding current law.

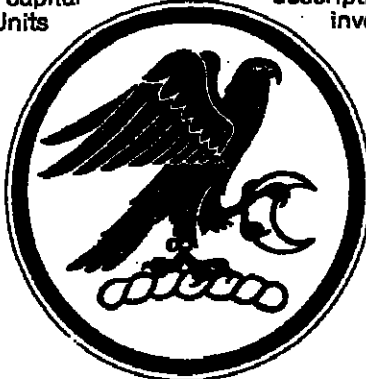
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If you invest at least £1,000 you can take advantage of the Cash Withdrawal Plan.

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For your Bonds to maintain their original value, calculated at the offered price, the capital value of the Fund's investments must grow by 2½% p.a. after allowing for capital gains tax. Provided that the capital growth is greater than this, the value of your Bonds will grow even after you have drawn 6% p.a. in cash. This assumes that the net income is 3½% p.a.

\*If you're a surtax payer, you'll be liable for surtax only on the profit element in the 6%.



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SATURDAY OCTOBER 2 1971

# Mr. Barber & the Market

THIS WEEK'S talks about the Government, when negotiations are going on about the extent to which different currencies should be revalued against the dollar, that the U.K. balance of payments should be exceeding strong. The Chancellor felt bound to point out that most of the present surplus is a direct result of the fact that the economy is running well below capacity and will run off next year as his reflationary measures begin to bite.

This statement should have surprised nobody, but it captured the headlines and upset the stock market. Gilt-edged stocks, which had risen to their highest level for four years on buying prompted by a conviction that long-term interest rates must soon follow short-term down, fell back at once. Even more striking was the reaction of industrial equities. The FT Industrial Ordinary index, which began dropping at the end of last week, has fallen this week every day and by a total of over 20 points.

**More spending**

It is worth stressing, however, that business has been relatively light and that after so steep a rise in prices—the index was almost at its high point for the year when the week began—a setback is not surprising. The Government has taken reflationary measures, but their effect has yet to be seen and investors have little to go on for the time being but the gloomy figures of production and unemployment. Yet the first signs of a revival in consumer spending, based on easier credit, are now beginning to appear.

Private householders, responding belatedly to the huge demand for owner-occupation, have pushed up new starts. Demand for new cars since the mini-budget has been so great that the industry has been unable to expand output to match. Colour television sets are selling like hot cakes. The banks have pushed their personal lending up sharply during the past few weeks and this week became formally free to lend as they please inside an overall control on their liquidity. Perhaps investors should have given more weight to another sentence in the Chancellor's speech to the Fund. It will be essential, he said, "to ensure that balance of payments difficulties do not once again frustrate our efforts to secure a sustained growth with steadier prices." If he can ensure this, the investment outlook will be bright.

## Money reform

It is not clear precisely what barriers Mr. Connolly has aimed for early removal and reference to freely floating seems to be principally, to other governments to their rates move up further than the dollar than they allowed so far. The problem of agreeing on a new form of fixed parities which would be a net devaluation of the dollar acceptable to the will not be easily solved can probably be solved at only by leaving exchange rates free to fluctuate around wider margins than at present.

On the other hand, there is now to be fairly general support for a long-term reform of the monetary system along lines sketched in his speech by Mr. Barber. Mr. Connolly's long-term goals were well received in the City; at home, however, attention appears to have been given to his comments on immediate economic position of the U.K. It is clearly an embarrassment to the

OVER THE next few weeks something like 25m. package tour brochures will be plopped on to Britain's doormats or take their place on the shelves of travel agents.

This £5m. investment in wooing the chilled residents of these islands to sunnier climes is an annual event which grows in proportion and complexity. The British obviously take their holiday choice seriously.

The average U.K. family will arm itself with approaching 1,000 pages of glossy artwork and well-turned phrases before actually making a choice. In the end, a little over 3m. package tours will actually be taken in the summer of next year, which will probably be well over half the foreign travel business available from this country.

The brochures cost around 15p each to produce and, if working right, will convince one in every half a dozen readers that they should take a tour. Some—like the Lunn-Poly pre-take-over edition—convert one customer per 13 brochures, which puts a prohibitive overhead on the sale.

## Main weapons in armament

The days are long gone when the owner of a tour operating business would write his own brochure and dot it with his own individual style. To-day, they are the main weapons in any tour operator's armament and are usually the result of lengthy research and painstaking writing. "Research" is what has made large numbers of the brochures this year predominantly red and yellow in colour; "research" has led some of them to drop the single pin-up style front cover and plump instead for a fragmented snapshot album style (like Clarksons and Lyons); "research" is also gradually easing the pin-up girl out and replacing her with more human, if slightly spare-tyred personalities, with whom we, the customers, can more easily identify.

Mr. Lionel Steinberg, the promotional man for Thomson Holidays, says it was only after careful examination of what it takes that makes the public leap for its pens to fill in booking forms that this year's advertising campaign—"We leave you free to enjoy yourself"—was chosen. "Everyone was selling themselves out of business talking about the best hotels and the best flights or the cheapest prices. We want people to

assume that they will get those from us anyway and that all they will have to do is relax and enjoy themselves."

Unfortunately reading brochures is not always the most relaxing of businesses, but it can fill quite a few evenings with mind-taxing exercises. Most travel agents are armed with a little crib published by one of the trade magazines which tells them that, for example, ten tour operators were running trips to Albufeira, Portugal, this summer while 24 were offering packages to Magaluf in Majorca.

It is virtually impossible for a package tour client to assess value from the information presented to him by a brochure. I recently chose a hotel in Southern Spain for a spot test and found that four operators using the same place were charging between £32 and £38 for the same period. However, although two of them were also one in every half a dozen there were considerable differences in the departure times (meaning the loss of perhaps a day over a holiday period) and at least one of the operators would have returned me to my U.K. airport in the early hours of the morning.

Having dealt with those problems there is also the fact that one operator may have better rooms in a hotel than another and that some operators have inefficient ground service arrangements so that if something goes wrong there is no one to whom to turn. In situations like this the client is very much in the hands of the travel agent, and he can only pray that the agent has taken note of the flood of paper which usually accompanies his supply of brochures and is not just a booking clerk with little interest and less knowledge.

## Agents are stronger

The position of the travel agency in the field of package tourism has for a long time been a vexed question. Last year it consumed much of the time and most of the thought at the annual conference of the Association of British Travel Agents, which includes both agents and operators, in Rotterdam. This year the conference is in Cannes and it starts in a week's time. Almost certainly the same old arguments about the "big brother" operators and the little agents will rage.

But this time the agents are in a stronger position. The postal strike severely curbed direct mail activities and swung



a great deal of business to the retail counters. It would be a brave operator these days who considered putting his eggs into a direct mail basket.

The argument generally revolves around the fact that the travel agents claim they are not paid enough—the mark-up is around 10 per cent but there are variations—while the operators claim, not publicly of course, that even 10 per cent often too much. The agents carry no stock and require the operators to do the major promotional work. They, say the operators, simply take bookings.

As usual the truth is somewhere in between. Although most brochures are minutely detailed, it is only the travel agent who will know whether the operator's complaints ratio is an acceptable 1 per cent or

an alarming 5 per cent. He, too, should know how easy it is to brave operator these days who get satisfaction when something considered putting his eggs into a direct mail basket.

By any measure the sales promotion efforts of the tour companies over the next few months will be enormous. Thomson is printing 500,000 brochures at 14p a time and spending a further £300,000 on television and Press advertising. The effort was launched on September 6; by yesterday the first 100,000 of a 500,000 target sale had been reached.

Horizon, too, is printing more than 3m. brochures, its main edition costing slightly more than the 15p norm but with slightly thinner publications for villas or long-haul via Far Horizons reducing the average. Horizon aims to carry 320,000 of the activities of its sub-

diary 4S could push the total to more than 400,000. Global is publishing 1.3m. brochures and will launch a closely guarded secret campaign in a few weeks' time aimed at meeting its target of more than 190,000 customers in 1972.

Some idea of the scale involved in travel promotion this year can be gained from the Clarksons operation for 1972. The 23m. figure for total brochure publication for next season refers only to main brochures. Clarksons alone will be publishing 12m. copies of its various editions for major holidays and assorted short tours. These will cost the company anything from 1p a copy to 20p a copy for the main summer brochure which is bigger and glossier than anything on most news stands.

In addition to this, Clarksons will probably spend at least £1m. on traditional advertising and point-of-sale material. As in the past it will split this cash fairly evenly between Press and television, although the general pattern to-day is for companies to put more of their eggs in the television basket as the size of their operation grows.

The response to this deluge of brochures from Clarksons will vary. With some of them it will be almost blanket coverage under which the company will be pleased to get one booking for every 20 leaflets that it distributes. For the main Clarksons book a response of one in seven is the target, and this has been achieved in previous years. Obviously, when publication is on the Clarksons scale fairly accurate prediction is important. Clarksons has one-fifth of the British package tour market, at least; although both Thomson and Sunair are snapping at its heels.

## Persistent argument

The argument which has raged most persistently over recent years concerns the actual publication date of the brochure and the timing of the sales campaign. Two years ago it began to look as if brochures would appear at the height of the preceding summer season. Lyons (Air Holidays) tried the spectacular move of bringing out a brochure over a year ahead of the main season. Others followed with publication in July and August. Lyons had a trading loss of £590,000 last year and is reportedly cutting back severely on its ambitions for 1972.

Rivals have obviously taken note, and the main flood of brochures is timed for about now. Clarksons' appeared about as early as most people think safe in the second week of August. Horizon and 4S will be launching their separate editions during the next few days. Lyons this year were still early, but at August 5 were much nearer the accepted open season.

The past three years for the package tour industry have not been entirely happy. Recent examination of seat applications by the tour operators (who have to register each application with the Air Transport Licensing Board) show modest expectations for 1973 on the whole. However, in the short weeks that the early promotion material has been available the response is provoking some talk of a rethink. The bumper year that should have come last year (the ending of the £50 limit) or this did not materialise. Perhaps 1972 will prove the operating bonanza for which they are all looking.

## The personal touch

During the past couple of years Clarksons has grown sensitive over accusations of impersonality as it has grown in size. It is, perhaps, for that reason that its campaign this coming winter will be accentuated towards a "personal recommendation" theme. Certainly the company has been indulging in extensive training schemes to convince its staff that they can still convey the personal touch in spite of the enormous size of a group which now lays claim to be the biggest package tour operator in the world.

There are variations in the

## Letters to the Editor

### His-Royce

While sympathising with the concerns expressed by Mr. P. Green (September 25) the shareholders of Royce, I am sure that he was completely correct in one of the most important factors in the matter. The successful technical achievement is only one aspect of a useful running concern. Many have lost money in the investment of new inventions and are technically sound, but not been commercially viable either through mismanagement or because the price of the product can never be high enough to recover cost of development. Ignoring the first possibility and turning to the second, the old contract which was the cause of the company's downfall. The company was obviously not in a position to be able to negotiate the contract which I only be done by someone who was not bound by it. If new company is financially sound it will be mainly due to the terms of the revised contract with Lockheed. If, as Mr. Green suggests, the Government provided money for the old company thus avoiding a re-arrangement of the shares, the solution since the company would have continued to make large losses, as it would still had to operate under old Lockheed contract. A question of whether the shareholders receive anything in the liquidation must depend on whether there is any loss after paying all the costs. This in turn depends on the price the receiver obtains for the assets transferred to the company, which is therefore a matter for the receiver. There can obviously be a wide difference of opinion as to what is a fair price for assets. If the Government stepped in and provided money to ensure the continuation of the business in the equal interest there would be no buyer for the business as a going concern and the value would probably be only scrap value. It is therefore, therefore, that the Gov-

### Capital gains tax

Sir—All investors will surely agree with Mr. Parker (September 25) that there is something seriously wrong with the present "capital gains" tax and its effect on the economy. However, traditional practice is to obtain a large proportion of the money necessary for services from the country by taxing income, and in general this is widely accepted. And it is difficult to see any real difference between money earned by wise investment and that coming from many other activities. What is wrong with capital gains tax as now inflicted on us is that it is not just a tax on money earned in this way, but a tax on fictitious "gains" which result purely from decreasing the unit of measurement. Any tax on "gains" arising solely from the fall in value of the pound is in fact a straightforward capital levy on the original investment. It is more than probable, what is ever shade of political opinion we may have, that a large proportion of industry will be dependent

on private savings for a long time to come. There must be something wrong in confiscating real capital in this way.

Does not this call for a correction factor, based for example on the cost of living index, to be applied before determining the gain for taxation purposes?

E. Beeley,  
Church Cottage,  
Cuddoby, Nuneaton.

### Touring by caravan

Sir—I feel I must write to correct the impressions given by your "Touring by Caravan" article which appeared on September 25. The comments on towing speeds and capabilities appear totally misleading. My experience of towing started following the purchase of a 12-foot Sprite early this year. My car is a Fiat 124, which has a 1200 cc engine. The first major journey with the outfit was a recent trip to Southern France when I found it possible to cruise comfortably at 55-55 mph, and to reach 65 mph downhill, without any instability. The tow-car guide published by "Caravan" shows that BMC, Chrysler, Ford, Triumph and Vauxhall all produce cars of 2000 cc or less which are well able to tow vans of 14 feet, or in some cases up to 18 feet. There are numerous imported cars which can match this, and the statement that a 2½ to 3 litre car is required for a 14 foot van appears completely unjustified.

Alan F. Wilcox,  
Redmays, Grinstead Hill,  
Needham Market, Suffolk.

[James Ensor writes—I think that Mr. Wilcox is extremely fortunate not to have encountered any caravan instability at 65 mph downhill. I have personally seen a caravan turn over and drag its towing car off the road at a slower speed than this. Although the "Caravan" guide to car towing weights is the best general guide to what car would be needed for each type of caravan, I prefer more power than they consider sufficient. The guide recommends that the weight of the caravan empty should not exceed three quarters of the kerb weight of the car. It also adds "start by

### Golf on TV

Sir—Your eminent golf correspondent, Ben Wright, complains of the lack of interest shown by the TV channels in the recent exciting tournaments.

Perhaps if Mr. Wright and his fellow writers would permit our leading golfers, both amateur and professional, to appear with long, unkempt hair with beards and moustaches to match, to wear "way out" clothing to swear and to generally get "with it," the BBC and ITV might become more interested. Fighting spectators would also help.

But so long as golf is played by men of quiet, traditional dignity, who do not consider abortion to be a good method of population control are using "emotive language," and states that "harrowing descriptions of abortions are put out, terrible stories, all unsubstantiated, of babies being flushed down lavatories or burned in incinerators are spread about."

The subject is certainly one on which many people have strong views. The secretary of the Abortion Law Reform Association, which supports the present law, recently wrote "more than most, abortion is an emotional subject on which the 'facts' are open to personal interpretation." This may be so, but in the opinion of this society, personal interpretation can be carried too far. If Mr. Ruback would like to read about the aborted baby which was heard to cry out on its way to the incinerator—this is possibly the story he is thinking of—he can do so in the British Medical Journal of June 13, 1969. If he then still feels that the findings of the official inquiry into the baby's death were "unsubstantiated," perhaps he would like to take the matter up with the appropriate authorities.

Mr. Ruback goes on to write "It is up to the anti-

### Emotion and abortion

Sir, Mr. S. Ruback (September 18) contends that those who do not consider abortion to be a good method of population control are using "emotive language," and states that "harrowing descriptions of abortions are put out, terrible stories, all unsubstantiated, of babies being flushed down lavatories or burned in incinerators are spread about."

The subject is certainly one on which many people have strong views. The secretary of the Abortion Law Reform Association, which supports the present law, recently wrote "more than most, abortion is an emotional subject on which the 'facts' are open to personal interpretation." This may be so, but in the opinion of this society, personal interpretation can be carried too far. If Mr. Ruback would like to read about the aborted baby which was heard to cry out on its way to the incinerator—this is possibly the story he is thinking of—he can do so in the British Medical Journal of June 13, 1969. If he then still feels that the findings of the official inquiry into the baby's death were "unsubstantiated," perhaps he would like to take the matter up with the appropriate authorities.

Mr. Ruback goes on to write "It is up to the anti-

### Wage discrimination

Sir—At a time when the questions of wage differentials and wage discrimination are once again under discussion, I would like to use this opportunity to release a little of my own indignation on the subject.

As a student I worked during the summer vacation for a part of the Imperial Tobacco Group. I had worked for them before the previous summer and at this time the wage paid to students was the same as that paid to permanent workers doing the same job. This summer, however, there was a difference of some £4 between the student and the full-time worker's wage. Students rarely pay tax since they seldom earn more in a year than the normal tax-free allowance and for ease of administration are able to sign a form to prevent tax being deducted under the pay-as-you-earn scheme. I was told that the reason the student wage was now lower than the wage of permanent workers was so that the "take-home pay" for all workers would be the same. I was told that the previous system had been considered by some of the workers to be "unfair." In other words, students are in fact being taxed on the tax-free allowance allowed to all taxpayers, but this money, instead of passing to the Government, passes to the shareholders of Imperial Tobacco.

Grabsome R. Yeldham,  
2, Colville Road,  
Boscombe,  
Bournemouth.

Mr. Ruback goes on to write "It is up to the anti-

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# COMPANY NEWS + COMMENT

## Coates Brothers profit and interim up

A £202,000 increase to £1,684,000 in profit is reported by Coates Brothers for the first half of 1971. The interim dividend is effectively raised from 2 pence to 2½ pence, adjusting for the recent scrip issue.

After tax of £703,000 (£678,000), net profit came out at £361,000, against £178,000, of which £33,000 (£38,000) is attributable to minorities.

The full year 1970 produced profits before tax of just over £2m, and a total dividend equivalent to 14 pence was paid.

The company makes printing ink and supplies for the printing industry, synthetic resins and other industrial surface coatings.

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### comment

Coates Brothers has lifted its first half profits by 14 per cent, pre-tax, but this is largely due to exceptional trading circumstances in the synthetic resins sector. The overseas printing supplies side has continued to forge ahead but margins in the U.K. are still under heavy pressure from rising costs while intense competition restricts price increases. Given that the exceptional resin benefits are not used, the group may do well to maintain second half profits, too, at 1970 on a prospective p/e of 14.5 the shares look vulnerable.

## Over £1m. by Spirax Sarco

PROFITS OF at least £1m. are expected by Spirax Sarco Engineering for 1971. In the previous year they were £1.21m.

The interim dividend is raised from 10 pence to 12½ pence, the 1970 total was equal to 13 pence.

Excluding Heat Transfer, the sale of which was completed yesterday, and including subsidiaries' results, first half profit was £504,000 (£337,000). Severe cost inflation has reduced U.K. margins but overseas companies are now enjoying favourable conditions.

At home, the postal strike affected the largest operating unit; while the American company incurred trading losses until May following the strike at its principal supplier.

## Rotork first half upsurge

First-half pre-tax profits of Rotork (designers and makers of Valve control equipment) have more than doubled at £130,407, against £50,390.

And the directors say they have "every reason" to believe that second half results will show continuation of the first-half trend. Profit for all the previous year to December 31, 1970, was £135,251.

The first-half net balance, after tax, rose from £44,215 to £98,777. The interim dividend is effectively increased from 4.18 pence to 5 pence. Last year's total dividend was 10.41 pence.

### comment

Rotork has more than doubled first-half pre-tax profits and second-half profits are expected to continue buoyant but it may be too much to look for a repeat of this rapid rate of growth. The January-June, 1971, upturn apparently was due to the valve control division, while Electro-Pumps—a very important profit contributor in the past—was in fact hit by the general engineering depression. In addition, future demand for the North American subsidiaries' actuators appears imponderable. So an historic p/e of about 21 at 133p is high enough until the bullish tone of the interim statement is confirmed by events.

## Nicholas Intl. improves

RESULTS for the year ended June 30, 1971, from Nicholas International show that sales generally throughout the world were buoyant, but the group has suffered from the high level of inflation and political and economic instability which have affected some of the traditional markets.

Sales rose by 6 per cent, to \$4,393,631, and earnings attributable to ordinary shareholders were up 10 per cent, to \$3,838,000. The dividend is held at 6½ pence from stated earnings of 9 pence (U.S.).

Chairman Mr. Maurice Nicholas says a substantial part of the increased earnings stemmed from the suspension of contributions to the staff profit-sharing scheme previously conducted by Aspro-Nicholas.

Trading profit came to \$8.8m. (\$8.95m.), balance before tax to \$8.14m. (\$7.95m.), and net taxed surplus to \$3.91m. (\$3.61m.). Last year's figures have been adjusted to exclude estimated Aspro-Nicholas profits for April-June, 1969.

The tax charge reflects a reduction in the average rate of 52 per cent, compared to 55 per cent last year, although both the parent and its Australian subsidiaries are for the first time subject to Public Company rates. This latter factor alone would increase the year's charge by some \$80,000. The burden of withholding taxes continues but efforts are still being made to rectify the position.

For 1971-72, Aspro-Nicholas made a trading profit of \$3.2m., compared with \$3.5m. for the previous 15 months, and an estimated profit of \$3.2m. for the previous 12 months.

mate of £32.5m. for the previous 12 months.

Net profit attributable came to £1.4m., against £1.22m. after interest of £274,587 (£265,822) employees profit sharing nil (£268,886), tax £1.54m. (£1.74m.), and minorities £44,119 (£69,814). The Ordinary dividend absorbs £233,250 (£278,225).

## Pricerite first half setback

ON A TURNOVER up by 10 per cent, first half 1971 profit of Pricerite, supermarket and self-service store operators, contracted from £424,000 to £149,000, subject to tax of £70,000, against £204,000. The interim dividend is cut from 11½ to 7½ pence.

Chairman Mr. G. J. Kaye, and the executives of the estate of the late Mr. M. Kaye have waived entitlement on an aggregate of 5m. shares. The gross dividends, after waivers, will amount to £37,500 (£56,250). For 1970 a total of 20 per cent was paid from a pre-tax profit of £70,000.

Considerable expense was incurred on the management reorganisation programme. Exceptionally high expenditure was also made on advertising and promotional work in an effort to stimulate turnover, the directors explain.

As expected, these expenses led to a substantial erosion of profit, but the benefits of the expenditure are now being felt. In recent weeks there has been a distinct improvement in margins, coupled with a continuing upward swing in turnover.

With no exceptional expenditure foreshadowed for the second half, the Board is confident of "considerably better trading results."

See Lex

### comment

Although British Rollmakers' most important division—namely the rollmaking which last year contributed 80 per cent of total profits—is facing pressures on margins with half-time profits only 6 per cent, up on a 10 per cent increase in sales, the group's main troubles appear to be elsewhere. The machine tool equipment division was hit by the backwash of the depression in the engineering industry, and in spite of apparent sales rises by nearly 4 per cent, pre-tax profits fell by 7½ per cent. (20 per cent taking in a provision for Rolls-Royce).

So, with first-half total profits down 5 per cent (a trend which probably continued into the third quarter), the final quarter's prospects look gloomy thanks to the long delay in the economic recovery. On this basis BRC may find it difficult even to maintain earnings at the 1969 rate of 3.1p share (adjusted to a 40 per cent share). The year-end dividend, last night, the shares on a prospective p/e of nearly 15 still seem on the high side given that the full effects of the recent downturn in the U.K. economy are probably yet to be seen on the rollmaking side.

### comment

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## Good start by Fitch Lovell

Sales by Fitch Lovell, the foods group, rose 10 per cent, up in the first four months of the current year compared with the same period of 1970, and profits were "encouraging," reported chairman Sir Charles Hardie at the annual meeting.

He added: "We still have eight months to go and an awful lot can happen in the food industry in the next few months but we have made a good start. The year-end dividend, last night, the shares on a prospective p/e of nearly 15 still seem on the high side given that the full effects of the recent downturn in the U.K. economy are probably yet to be seen on the rollmaking side.

## Wankie Colliery

An unchanged final dividend of 10½ pence, to hold the total at 25½ pence, is proposed by the Rhodesian-based Wankie Colliery Company for the year ended August 31, 1971.

Net profit fell from £2.8m. to £2.5m. after tax and transfer to tax equalisation account of \$0.83 (\$1.21m.).

Payment of dividends due to members resident in the U.K., Zambia and Tanzania, must be made by cheque to registered commercial banks in Rhodesia.

Arrangements are being made for members normally paid from the U.K. and who are not resident in the U.K. or Zambia to be paid their dividends from Rhodesia.

## British Rollmakers profit down

ON A TURNOVER up from £5.3m. to £5.72m., group pre-tax profit of British Rollmakers Corporation decreased from £713,275 to £673,375 for the 25 weeks to June 26, 1971.

In the roll division turnover was up by nearly £250,000 but trading profit advanced by only £38,000—decrease from £713,275 to £673,375 for the 25 weeks to June 26, 1971.

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The long awaited economic recovery has yet to materialise and this factor, together with certain conditions in the steel and engineering industries, combine to make forecasting an unprofitable pursuit, the directors add. For the year to January 2, 1971, turnover was £11.34m. and profit £1.44m.

The corporation has obtained an option to acquire for cash a major interest in a European rollmaking company, the directors say. The option is valid until November 27.

An unchanged interim dividend of 4½ pence is declared. The previous year's total was 12 pence.

### comment

Although British Rollmakers' most important division—namely the rollmaking which last year contributed 80 per cent of total profits—is facing pressures on margins with half-time profits only 6 per cent, up on a 10 per cent increase in sales, the group's main troubles appear to be elsewhere. The machine tool equipment division was hit by the backwash of the depression in the engineering industry, and in spite of apparent sales rises by nearly 4 per cent, pre-tax profits fell by 7½ per cent. (20 per cent taking in a provision for Rolls-Royce).

### comment

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## First half advance by L. Gardner

DIESEL engines and ancillary equipment makers L. Gardner and Sons reports an increase in pre-tax profit of £24,000 to £749,000 in the first half of 1971. The interim dividend is unchanged at 15 pence. Previous year, excluding Buzell and Blach AG, would continue improving it also stated that the setback at Buzell was likely to result in lower overall group profits. The interim is due on Wednesday.

After four months of 1971-72 trading, Merchants' profits were 10 per cent, ahead of the same period last year. The full benefits of the recent Meridian acquisition will still take some time to show through, but given the current pick-up in the building industry the outlook is certainly optimistic. The six-month period from July 1 to June 30, 1971, was likely to show a similar trend.

Other main results next week include the preliminary figures of Glenlivet and Glen Grant Distilleries and the half-year figures from Bowthorpe, both on Tuesday. Also expected is the full year statement of Dalgety on Thursday.

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div.	Total last year
A.C. Cars	2½ p	Dec. 15	5	15
African Explosives	nil	Nov. 15	30	20
D. P. Bell	4½ p	Nov. 15	44	50
British Rollmakers	4½ p	Nov. 24	61	131
Broken Hill Pty.	7½ p	Nov. 24	61	131
Canadian Overseas Packing	710 cts	Dec. 1	2.65cts	3.25cts
Commodore Secs.	15 p	Nov. 19	(e)	40
L. Gardner	15 p	Dec. 6	12½	42
Alexander Howden	15 p	Nov. 8	10.83	18
Inglis Parsons	(b) 3	Nov. 8	11	20
Pricerite	12 p	Nov. 11	20	20
W. Ridgway	12 p	Nov. 30	44	10.41
Rotork	11.85p	Nov. 18	1.66p	7
Spirax Sarco	11.85p	Nov. 28	10	17
Sungai Bahr	10 p	Nov. 19	7½	12½
Tilley Lamp	10 p	Nov. 19	7½	12½
Utd. Drapery	10 p	Jan. 7	8.64 (c)	19.1
Wankie Colliery	(d) 18cts	Nov. 11	16cts	25cts

\* Equivalent after allowing for scrip issue. † Amount per share.  
(a) Tax free. (b) On capital increased by rights and/or acquisition issues. (c) Total not less than 22 pence per share. (d) Rhodesian currency. (e) Total of 12½ pence per share. (f) Formerly Broadway Financial Trust.

## W. Ridgway downturn: holds 20%

A fall in group profit before tax, from £230,308 to £219,169 is reported by manufacturers of wood boring, wood working and metal tools, William Ridgway and Sons for the first half of 1971.

A final dividend maintained at 12 pence, holds the total at 20 pence.

At the half way stage, when the year's slight increase in profits, from £116,659 to £117,898, directors said the figure for the second half would exceed that of the first.

Mr. Edward J. O'Connell, M.P., in his maiden address yesterday as chairman, said in addition to the completion of developments, there were a number of reversions, particularly this year and next.

Developments by the group last year totalled £15m., but this year in the U.K. alone totalled £24m., all to be completed by the end of 1974.

Meeting Page 4

## Confidence at Central & District

THE FUTURE of Central and District Properties is viewed with "considerable confidence."

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Meeting Page 4

## Scottish Homes loss £836,030

AN OPERATING loss of £548,130, against £168,975, was incurred by Scottish Homes Investment Company in the year to March 31.

## MINING NEWS

### U.K. mining revival

BY LESLIE PARKER, MINING EDITOR

At the official opening of the Wheal Jane tin mine in Cornwall yesterday, details of which were reported in our Mining News column on Thursday, the Minister for Industry, Sir John Eden, said there had been a considerable response to the Government's scheme for stimulating exploration for minerals in the U.K.

More than 70 inquiries have been received by the Department since the scheme was launched. Sir John pointed out that it was less than three months since the new arrangements were introduced, but that already the response was very good. The scheme had been given to well over 30 projects subject, of course, to the necessary legislation being passed.

The south-west had not been slow to move. He believed there were some 14 exploration ventures currently under way in Devon and Cornwall. Some of these had not yet applied for a licence, but Sir John hoped they would soon do so.

Naturally, by no means all of these projects will succeed in finding minerals. However, he said, it was a good reason to think that we may be on the verge of a major revival of our most ancient industry.

In declaring the Wheal Jane mine open, the Chairman of Consolidated Fields, Mr. Donald McCall, said that the group had plans for doubling the initial output rate of 1,400 tons of tin per annum, in which event the operation would be producing some 15 per cent of the country's tin.

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## UNIT TRUSTS

## Hambro Managed

Hambro Life Assurance is making an initial offer of units in Hambro Managed Investment Bonds at £11.15 per unit. The minimum investment is £250, and the offer closes on October 7.

Investors of £1,000 and over can take advantage of a cash withdrawal plan, offering 6 per cent per annum free of income tax and capital gains tax.

comment

Hambro Managed Investment Bonds are the latest product from Hambro Life Assurance, the subsidiary of Hambros Bank which officially started business at the beginning of last April. The idea of this plan is to offer an investment with a variable mix of property, equities and fixed interest—in effect a unitised life fund. The reputation of the management alone should ensure a marketing success, and there are also considerable merits in this type of "all-weather" plan.

comment

City of Westminster Assurance, the originator of the property bond, is one of the largest operators in this field with property funds totalling £13m. This fund has one of the few records worth noting and Planned Savings' performance tables calculate that an offer to bid price basis the appreciation in the units has been £2.4 pence over the past four years to September 1. Having been one of the quieter groups in recent years, it is possible that with the changing of the guard in May 1971, National Finance promotion will be stepped up.

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# WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

## Up again despite dock strike

### OVERSEAS SHARE INFORMATION

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Oct. 1

FURTHER GAINS were scored on Wall Street to-day, despite a nationwide dock strike and a walkout by some coal miners.

The Dow Jones Industrial Average moved up a further 8.70 to 889.98, for a net rise of 4.67 on the week, while the NYSE All Common Index, at 54.66, rose 38 cents on the day and 40 cents on the week. Advances led declines by 809 to 508 in a volume of 13.4M. (13.4M) shares.

To-day's somewhat sharper advance on the heels of yesterday's "technical" recovery indicates that the list may be ready to resume its climb. One factor that some traders feel that the President may reveal some of his Phase Two economic plans over the week-end.

Most analysts expect President Nixon to invoke the Tariff Law and order the dock strikers back to work for an 80-day cooling-off period.

A statement by Mr. Connally, Treasury Secretary, left open the possibility the Administration

may value the dollar by raising the price of gold seemed to be welcomed by analysts.

Investors were also encouraged by the amicable spirit displayed by delegates to the International Monetary Fund's annual meeting in Washington.

Traders saw in the low-keyed meeting a chance that the International Monetary Fund and trade crisis may be settled with a minimal amount of disruption.

Copper issues slipped on adverse Press comment. Copper Range fell \$2 to \$22.37. Inspiration Consolidated declined \$1 to \$35. Phelps Dodge lost \$1 to \$56.1. American Smelting and Refining was down \$1 to \$20.1, and U.S. Smelting and Refining dropped \$2 to \$23.7.

Caterpillar Tractor and Pittsburg were among the most active issues as a result of large block trades. A single block of 124,900 shares of Pittsburg, valued at nearly \$6m., traded at \$40, down \$1, but the issue closed unchanged at \$41. Caterpillar had a transaction

valued at more than \$8m. and the issue closed at \$49.1, down \$2.1.

Baruch and Lomb declined \$2.1 to \$13.3 on growing "behind-the-scenes" controversy among eye doctors over the safety of so-called "soft" contact lenses. It is the only company so far licensed by the U.S. to sell such lenses.

Rohm and Haas dropped \$7 to \$108.47—indicated 1971 profit will be little changed from 1970.

Electronic Data Services recovered \$2 to \$53.1, after Thursday's \$7.1 fall attributed to "distorted" reports concerning the company.

The American SE Index rose 12 cents to 325.54, making a rise of 19 cents on the week. U.S. Mobile Homes and Building issues paced the advance.

PARIS—Slight majority of rises in active trading. Chemicals were little changed. Cars, Rubbers, Ferodo improved on anticipated heavily consolidated turnover this year. Oils, Electricals and Foods mixed. Public Works and Metal-urgicals eased.

AMSTERDAM—Most Internationalized higher in quiet dealings. Local Industrials were quietly mixed. Shipings, Banks and Investment Funds advanced.

MILAN—Firmers all round in active trading, largely reflecting a technical reaction from previous heavily overvalued positions.

The prospect of a continuing struggle for control over Bostup, up 169, continued to exert a strong effect on financial and other shares involved in the Italy, up 1.35, and Bostup, up 1.35, and Bostup, up 1.35.

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## Indices

### NEW YORK

#### DOW JONES AVERAGES

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## STANDARD AND POORS

### U.S. STOCK INDICES

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## OTHER MARKETS

### Canada gains ground

Canadian Stock Markets

gained further ground in

active trading.

The Toronto 300 Index

rose 12.15 to 1,000.15,

for a net rise of 4.67 on the

week. Advances led declines

by 809 to 508 in a volume of

13.4M. (13.4M) shares.







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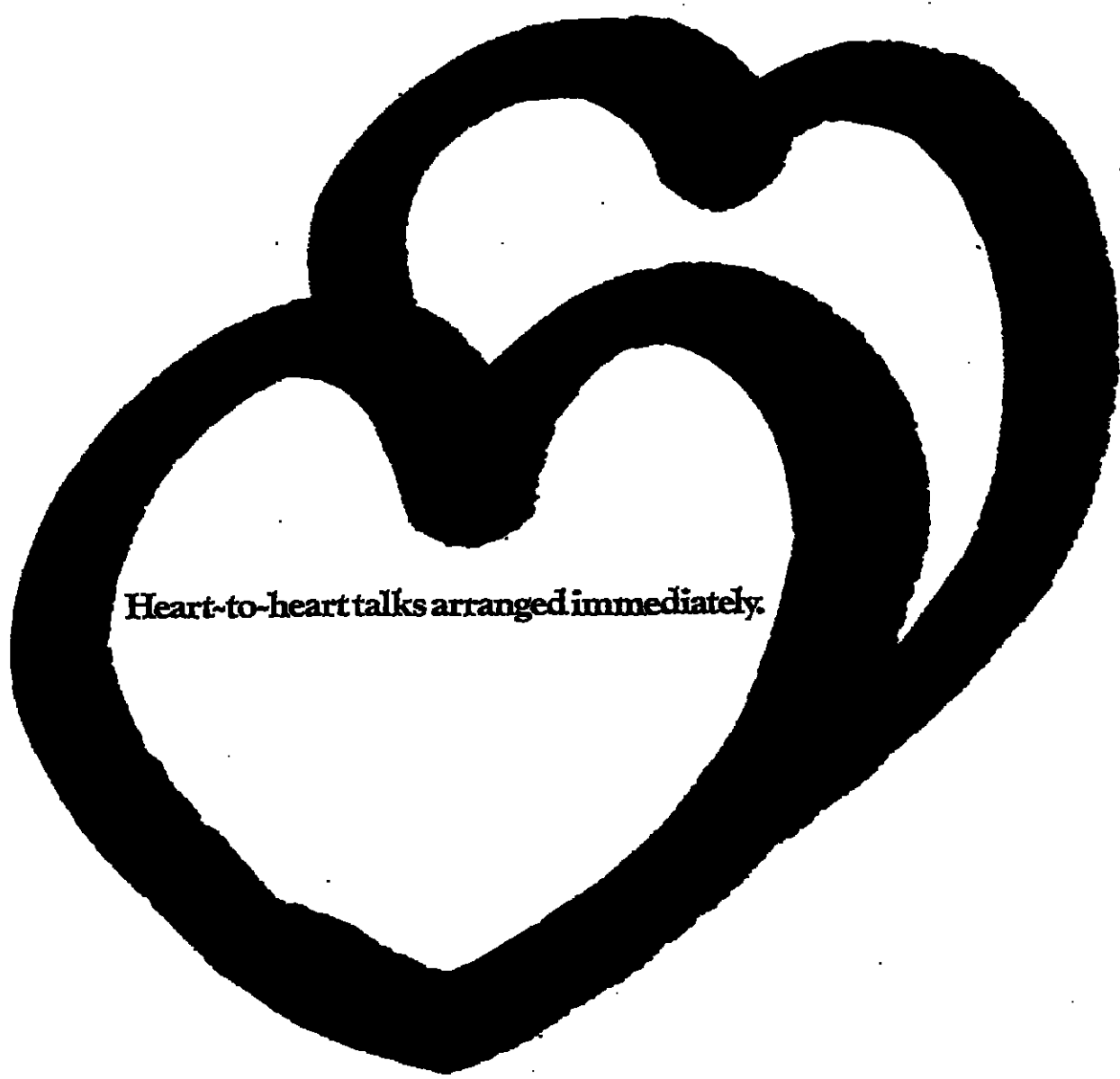
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# THE BIG LINK

# Financial Times Survey Antigua

## Mood of euphoria declines

By DAVID LASCELLES

Last February, Antigua was the scene of the most dramatic election upset the Caribbean had witnessed for a long time. Mr. Vere Bird's Antigua Labour Party was routed after 25 years in office and a new generation of leaders was borne triumphantly to power. The island was ecstatic.

The new ruling party was the Progressive Labour Movement headed by Mr. George Walter, who had broken away from Mr. Bird four years earlier and had in the intervening period managed to win over an overwhelming majority of the trade unions, the bedrock of Antiguan politics.

The mass switch in allegiance was dictated by personalities as much as policies. PLM campaigned on a platform of "Antigua for the Antiguan," and though not outright nationalist put forward a line that was fresh enough to win the average Antiguan who was bored with the dogged Bird régime and independent enough to strike alarm in the hearts of neighbouring Caribbean governments who are currently trying to stick together. But PLM's members also made much of their youth and academic qualifications, both of which were qualities Mr. Bird and his men conspicuously lacked.

Seven months later Mr. Walter can still claim a large measure of popular support, but the euphoria has turned to gloom and relations with many sectors of the public, the business community in particular, have soured. The Government has so far failed to give the impression, at least, that it is grappling with the island's serious economic problems and accusations of passivity are rife.

### Slow recovery

Another is the shaky state of agriculture. Antigua suffered a devastating drought in the sixties which ruined the sugar industry, cutting production from 28,000 tons in 1963 to zero in 1969. It is now making a tottering recovery though a ton of sugar is costing two and a half times as much to produce as it earns. The Government will soon have to balance the employment sugar provides—about 1,100 jobs—against the cost of keeping it going and make some difficult decisions. Some observers believe Mr. Walter has no choice but to drop sugar forthwith.

The most bitter criticism of the Government comes from local businessmen who were never enchanted by PLM from the beginning. But though they undoubtedly overreacted to the change in government they can be forgiven for thinking that Mr. Walter and his colleagues are acting ambiguously.

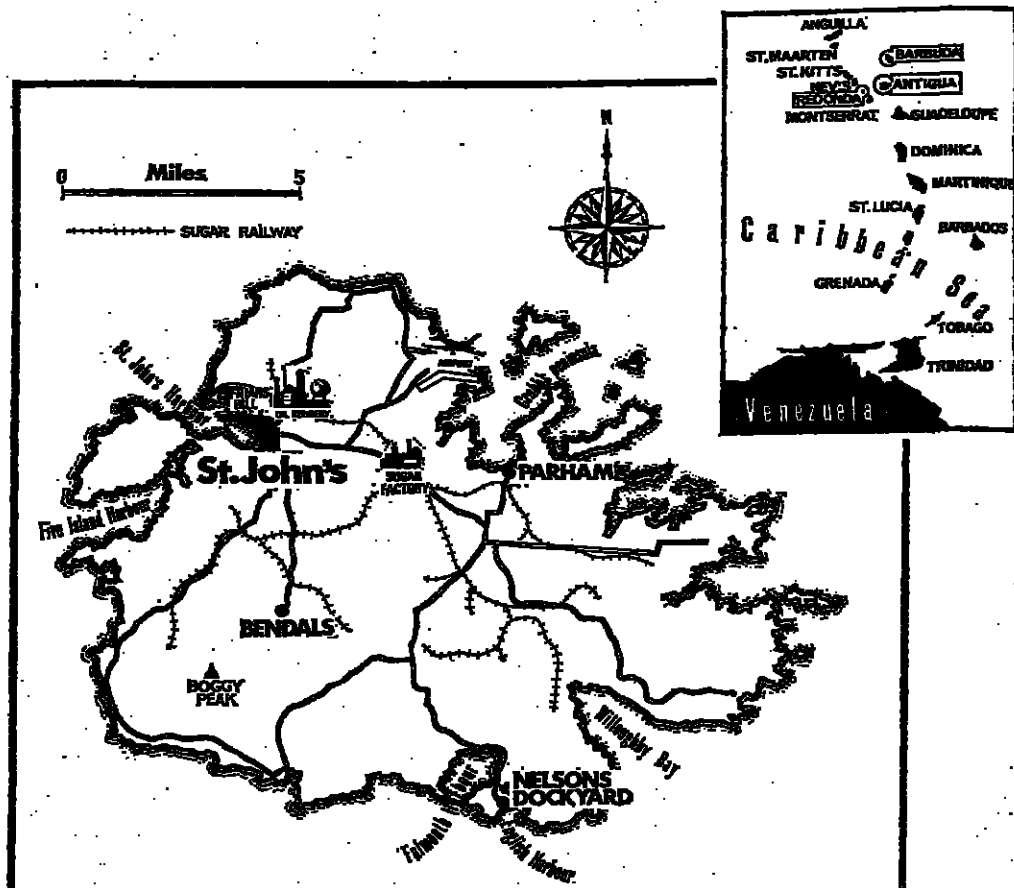
In the Speech from the Throne—which was impressive—the Government announced that investment and economic development were major priorities, and declared it would improve industrial incentive legislation. But since then it has threatened to impose special conditions which look ill-advised in a region where competition for foreign capital is fierce.

There is the matter of local participation which was stated in the Speech to be a major policy objective. Mr. Walter told the Financial Times that the Government would ask investors to offer shares in their projects on the local market, and if the private sector was unable to take them up the Government itself would buy shares. And to encourage private participation (and hopefully inspire the Antiguan worker who is not noted for his enthusiasm) PLM will ask local banks to improve their credit facilities. The Government may also break away from the regional central bank, the East Caribbean Currency Authority, and establish an Antiguan Central Bank to give it greater monetary autonomy. But the

nationalisation of private banks and majority participation in business are not contemplated.

The importation of labour is also to be more strictly controlled. PLM wants an Antiguan understudy for every expatriate post and will require evidence that no Antiguan can do the job before issuing a work permit. These measures are aimed at keeping out other West Indians as much as North Americans and Europeans.

One of the most controversial proposals has been a heavy duty on the transfer of land to stop speculation. The original proposal was for a levy of 20 per cent of the negotiated price. The ensuing uproar abated slightly when the Government hastened to add that the levy would only apply to undeveloped land and that 20 per cent was only a proposal. But the damage had already been done.



### BASIC STATISTICS

Area	170 sq. miles	Tourist arrivals	61,262
(Barbuda 37 sq. miles)		1969	65,369
Population	65,940	1970	2,182
(Barbuda 1,300, Redonda nil)		Tourist beds (1971)	
TRADE (1968)		CURRENCY:	
Imports	\$8.2m.	East Caribbean dollar	£1=EC\$4.8
Exports	£1.2m.		

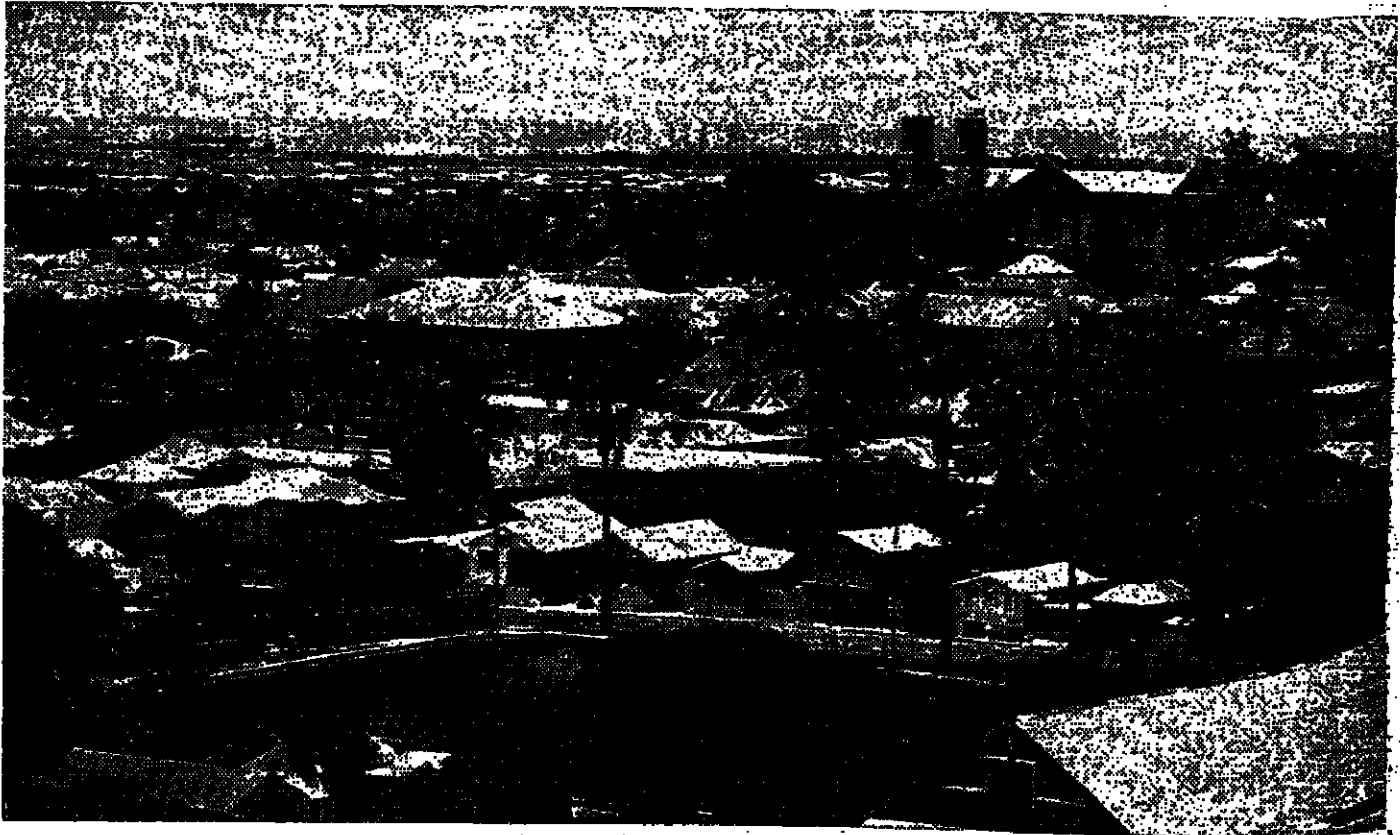
power Antigua had a public debt of \$9.75m. which is vote-catching but inflationary equivalent to nearly twice the behaviour during its last months island's recurrent revenue and in power.) The second is the devours a third of the budget fact that the public debt position servicing charges. The debt will improve of its own resulted from the Bird policy accord as time goes by. By the of developing utilities at public next election servicing charges expense instead of contracting will be nearing half their them out to private enterprise, present rate and should be Among the loans it negotiated extinct by 1980, though the were \$2.5m. for the deep water strength of this trend will be harbour and more than £1m. influenced by the terms of the instal a desalination plant. A loan now being negotiated. The lot of the money was short term of the island's land, which gives it a vast potential source of wealth.

And the third is the fact that Antigua's infrastructure, including the service industries, is well developed and will require only light priming to get going again.

Certainly, the British Development Division has just indicated its faith in Antigua by recommending large increases in aid.

### Inflation problem

However, much of Antigua's future will depend on the Government's success in beating those causes of inflation which are home-bred, principally soaring wages, and this could entail a confrontation with the powerfully organised labour force. The new Government's nerve will face an important test when it comes to dealing with the two years firmly with that very trade Central Bank to give it greater monetary autonomy. But the



A view of St. John's.



## ANTIGUA II

# Agriculture's hopes lie in cotton

By TONY COZIER

There are few West Indian islands remaining where agriculture has not degenerated into a state of crisis. Rising costs and falling production have seriously hit two of the area's principal export crops, sugar and bananas. There is an acute shortage of labour still willing to work on the land. The general diversification programme aimed at providing food to satisfy the demand of a growing tourist industry and, increasingly prosperous local populations has met with limited success and, in a few cases, none at all.

In Antigua, the problems facing agriculture are even more complex than those of her neighbours, and the new Government will be clearly confronted with a demanding challenge to get it back on its feet.

The decline in the agricultural sector has been rapid and without check in the past decade. In the 1950s, even despite the ever-present threat of drought in an island with an average annual rainfall of 45 inches, sugar and sea island cotton provided healthy export earnings and employment for well over half the labour force. During those years, the island produced almost 30,000 tons of sugar annually and over 1m. lbs of cotton lint.

By 1966, after a long period of drought, sugar production had fallen to a mere 8,000 tons and the Government was forced to buy over the factory and estates at a cost of EC\$6m. to keep the industry alive. In 1969 there was no crop at all and, although 12,000 tons have been produced this year, costs have risen and productivity dropped so appreciably that heavy losses will be incurred.

## Sea island

The sea island cotton industry as collapsed with the same suddenness, if not at the same pace, as the sugar industry. Faced with problems of production, quality and marketing, output dropped to 180,000 lbs in 1967 and was only 11,000 lbs last year. Only 60 acres are now under cotton cultivation compared with over 2,000 acres during periods of peak production.

The demise of sugar, particularly, has been a shocking experience for the peasant farmers, who have been understandably wary about turning to other crops and many of whom, along with their sons and daughters, have looked to more lucrative and less demanding jobs in tourism and manufacturing.

Since, with the takeover of the sugar estates in 1967, Government now owns close to 80 per cent of all the land in Antigua, responsibility for the future of agriculture rests squarely on its shoulders. In

its manifesto for the January elections, the Progressive Labour Movement said it would give the island "an agricultural policy now because it realises that agriculture has too important a part to play in the economy to allow it to become a burden." That policy was out of the line in broad, general terms, and some important decisions will have to be taken soon.

One such decision will concern the sugar industry. Here, Government is on the horns of a dilemma. The recent report prepared for the Antigua Government by the British Development Division in the Caribbean has listed three alternatives: immediate closure, after a few years, according to a programme or continuation with a short term improvement plan aimed at specifically reducing costs until a more profitable use of the land and labour resources can be identified.

## Union rivalry

To end operations now would seem the best course from the purely economic standpoint in that it would stop the continuing accumulation of losses (estimated at about EC\$2m. annually). However, it would also put about 900 full-time and 400 part-time workers on the already large unemployment lists and, in an island where inter-union rivalry is fierce and where the governing party is closely allied to one of the unions, this would seem a highly unlikely eventuality.

The final decision will probably not be taken until the Commonwealth Sugar Agreement price review talks are concluded in London later this month. Then, the West Indies as a whole will be asking for an increase of about £25 a ton in their sugar. If they get it, or even get near it, it is likely that Antigua will decide to continue with sugar and make an attempt, with expert outside help, to improve efficiency. If they don't, the Government could find itself forced, finally if reluctantly, to abandon an industry which has been the backbone of the economy for centuries.

If the decision is to continue, it is clear that operations in both the field and the factory must be streamlined and that Government would have to be prepared to spend even more money on new machinery. As it is, with EC\$5.5m. of the original loan devoted to buy the factory and estates still outstanding and with the sizeable annual losses on the crop, sugar is a considerable strain on the economy. The question the Government will be asking itself is whether it could politically afford, so early in its term of office, to put so many people out of work.

As far as sea island cotton is concerned, the Government is

far more positive. "Cotton is one of the real hopes as an export crop for the small farmer," stated the PLM manifesto, an assertion which is undoubtedly true in light of the considerable demand for the product in Britain at the moment.

Sea island cotton, unique to the Caribbean, has long been referred to as the Rolls-Royce of textiles, but competition from synthetics, combined with the other factors mentioned earlier, dealt it a serious blow in the 1950s. Now, the West Indies Sea Island Cotton Association, with help from the British Development Division, has found worthwhile markets again in Britain.

Barlow and Jones have said they would need 2m. lbs. of lint annually by 1974 but, quite naturally, would have to abandon the idea if this is not available.

This means, therefore, that there must be an immediate programme to increase production throughout the area. There can be no doubt that Antigua has the capacity, on its dry, flat lands, to produce enough cotton to contribute its share fully. Only 12 years ago, production was 1.2m. lbs. but those were the days when labour was cheap and available. Now pickers are hard to find and the industry's revival seems to depend exclusively on the success of mechanised picking. Experiments carried out in Barbados this year have been heartening, but it is as yet too early to tell whether the new harvesters will provide the answers.

As in all the West Indian territories, Antigua has found its food import bill rising at an alarming rate in the 1960s. The heavy concentration of export commodities has meant that such items as vegetables and fruits have been grown on a haphazard basis, and the tourist and local populations have been fed mainly by foodstuffs brought in from outside.

## One crop

Only comparatively recently has it been fully realised that dependence on one crop is a dangerous business, and diversification has become the order of the day. Antigua has been no exception to this rule, but its ability to provide substitutes for a number of food imports has been constrained by several factors.

Perhaps the foremost of these, certainly in respect of market garden and fruit cultivation, has been the lack of water. Marketing has also been sadly neglected, credit has been difficult and in recent years virtually impossible to obtain for the small farmer, and, the present Government maintains, the agricultural department has been ineffectual.

With the sinking of several

ships and the building of a dam over the island in the past three years, in addition to the installation of a desalting plant, irrigation is now available for the development of vegetable plots, albeit on a limited scale. It is estimated that about 80 acres could be converted into irrigated market gardens, which would go a long way towards filling the island's needs.

Government has already announced plans to improve facilities at the St. John's Market and to put a cold storage complex, built eight ago, into operation for the first time. In addition, a marketing adviser has been acquired under the British technical assistance programme and a special marketing division will be established in the Ministry of Agriculture.

## Stock owners

One of the major planks of the diversification programme will be livestock development. The island has large areas of marginal land, unsuitable for agricultural use but ideal as grazing pastures. At the moment, there are between 7,000 and 8,000 head of cattle utilising these lands in an uncontrolled manner, belonging mostly to peasant farmers. Again abattoir and marketing facilities are lacking and governmental organisation needed. All, promises the new administration, will be provided. In addition, it says, it will "provide fenced communal grazing areas for the small stock owners and will lay emphasis on providing these people with proper training in the care and use of livestock."

The Government has also outlined plans for zoning "to ensure that agricultural land will be retained for agriculture and not for housing schemes." It will soon establish the Peasant Development Agency to provide easier credit facilities for the farmer, and it has stated that there will be a system of land tenure to ensure that bona fide farmers are engaged in constant production.

Up to now, most of the Government's new plans for agriculture have been mere words. There has not yet been time to transform ideas into action and it is inevitable that there will be many frustrations along the way.

However, Mr. Robert Hall, the Minister of Agriculture, who is himself a farmer of long experience, contends that there is a new interest. One of the main difficulties facing agriculture is the attitude of those who have become dependant through the bad years. If these people can be encouraged back onto the land and can make a success of their endeavours, it would be a tremendous filip. It would, however, be hard to exaggerate the magnitude of the challenge.

## Technical skills

This is not entirely true. The company's 230-odd employees pay nearly EC\$300,000 annually in income-tax, royalties on bunkers amount to over EC\$80,000 annually and all vessels which bring in crude oil or take fuel have to pay a tax of four cents a barrel. In addition, of course, there is the consumption spending and subsequent indirect taxation paid by the employees and the important fact that almost all the employees are trained in technical skills by the company. The Minister of Trade and Industry, Mr. Selwyn A. Walter, says of West Indies Oil's position: "It has given the Antiguan economy an aura of stability." He also contends that its thriving presence is a drawing card which the new Government can use to attract investment.

There are, however, several other, less spectacular, plants which can tell success stories. There is, for instance, a very active garment industry including one American-backed concern which now ranks as one of the largest manufacturers of foundation garments in the Caribbean region. A wholly owned Antiguan firm, manufacturing

Continued on next page.

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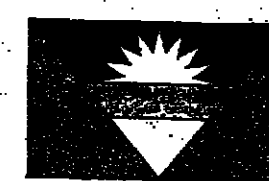
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# New infrastructure boost for industry

By TONY COZIER

While the recently elected Antiguan Government complains that it has inherited a huge public debt, it is also true that it has come to office at a time when the island's infrastructure has developed to a stage which seemed virtually impossible not too many years ago.

In the 1960s, Antigua suffered terribly from a lack of water. There was no deep-water port. Electricity was inefficient and unpredictable. Telephone contact depended on the availability and, sometimes, the mood of the operator.

Almost simultaneously, all that has changed in the past three or four years. The large Potworks dam has been completed and a number of smaller reservoirs besides which ensure that 1,500m. gallons of water can be conserved at one time. In addition, the long-awaited desalination plant has been completed to give about 1m. gallons daily. Even in times of drought, Antigua should never again find itself in the position of the 1960s, when its water problem was acute.

The deep-water port, with berthing for five ships has been completed and is more than adequate for present demands; the new power station, generated by water from the desalination plant at Crab's Peninsula, has gone into operation with a capacity of 20 MW by next year; Cable and Wireless has finally installed its new direct dialling telephone system and other improvements, costing EC\$5m.

With such improvements and Antigua's geographical and communications advantages over its neighbouring islands, it is easy to understand the Government's optimism over the future of its light industrialisation programme.

While it is true to say that Antigua has probably done better than most of the Windward and Leeward Islands in attracting investors, both foreign and local, into manufacturing projects, it is also true that the island has not made the fullest use of its natural advantages.

## Air connections

These are its location and its excellent communications contacts with the other islands and the metropolitan countries. It is almost exactly in the middle of the archipelago stretching from Jamaica to Trinidad (or, North America. In addition, it has provided jet fuel to aircraft at Coolidge, completely satisfied the island's demands and operated a refuelling service for ships.

Now the company is expanding. It will soon be marketing its products in Dominica, Guyana and Surinam and is eyeing other neighbouring Caribbean territories as well. Less than a month ago it acquired a bunkering vessel with a capacity of 42,000 barrels to provide barrels a day and will probably be in excess of 20,000 barrels within two years. There have been those who criticised the Bird Government

Bird and formed a rival union, there has been an air of political instability which has tended to send the investor looking elsewhere.

However, there are few industries sited in Antigua which have regretted the move. Most report satisfactory progress, particularly in the Caribbean Free Trade Area (Carifta), and several are planning expansion.

By far the largest single investment in Antigua in recent years has been by the West Indies Oil Company in a EC\$40m. refinery at Friar's Hill, just outside St. John's. Production started in April, 1968 at 11,000 barrels and, after initial difficulties (including a long strike in 1969), the outlook has brightened considerably.

A wholly-owned subsidiary of Natamot of San Francisco, the refinery has marketed mainly through a sister company in North America. In addition, it has provided jet fuel to aircraft at Coolidge, completely satisfied the island's demands and operated a refuelling service for ships.

Now the company is expanding. It will soon be marketing its products in Dominica, Guyana and Surinam and is eyeing other neighbouring Caribbean territories as well. Less than a month ago it acquired a bunkering vessel with a capacity of 42,000 barrels to provide barrels a day and will probably be in excess of 20,000 barrels within two years. There have been those who criticised the Bird Government

Antigua



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## ANTIGUA III

# Tourism needs to diversify

By DAVID LASCELLES

Antigua enjoys in abundance all the ingredients for a successful tourist industry except one, tourists. Its beaches and climate are among the best in the Caribbean, it has a well developed network of hotels and communications, and for North Americans and Europeans it is the most accessible of all East Caribbean islands. But tourists for the moment are not coming in sufficient numbers to keep the industry going, and despondency has been growing.

The modern airport at Coolidge which was responsible for the spectacular growth in tourism in the early sixties is partly to blame. Its impetus led to an over-expansion of the tourist industry which is still evident even after the serious setback of 1968. Although more tourists arrived in Antigua last year than in 1969, fewer of them stayed in hotels, their average stay shortened from 4.7 to 4.3 days, and hotel occupancy dropped to well below a third.

The result is that more hotels than usual are closed during this year's low season (which extends from mid-summer to mid-autumn) and rumours of more permanent closures are rife. This is having a depressing impact on the economy of the whole island which now depends on tourism as its most important industry and currency earner.

Factors outside Antigua's

control have also had a hand: the American recession, the Black Power disturbances in Trinidad. But there are other factors which the Antigua Government can and intends to influence.

### Poor value

Antigua has developed a reputation for giving the tourist poor value for money. Demipension in an average beach hotel can cost £18 a night during the high season, and visitors are often surprised to find such facilities as air conditioning are extra. Many of Antigua's hotels are also older than those of more recently developed islands, and hotel staff have been described as unhelpful. Nowhere is the Caribbean cheap, but many of the smaller islands which have to fight harder for tourists have managed to give greater satisfaction than Antigua.

It is unlikely though that costs for the casual traveller will come down. Inflation and expensive labour are keeping them up, and hotel owners constantly complain of the difficulties of making ends meet. The Commonwealth Development Corporation's Jolly Beach Hotel, for all its splendid beach and gardens and high management standards, is the only one of the CDC's three Caribbean hotels that is losing money.

But costs should come down

for the package tourist. The Caribbean, having developed as an exclusive tourist region has been slow to move into the mass market. But its importance is now being recognised and most hotels are getting on to wholesalers' lists. However this is still being done on a haphazard basis, and Antigua has yet to see a fully professional operation like that being started in St. Lucia by Court Line which transports tourists in its own aircraft and puts them up in its own hotels.

With its airport, Antigua is better suited to mass tourism than the smaller islands which cannot take big jets. But it lacks hotels capable of catering for the vast numbers that package tours entail. Only four hotels have more than 50 rooms, 13 have between 20 and 50, and 14 less than 20 rooms. Evidently this range will have to be extended before mass tourism is undertaken on any significant scale, but at the moment there are no known plans for large new hotels or big extensions to existing ones.

These figures incidentally give a clue as to why hotel costs are so high. The average Antiguan establishment is too large to be run as a family enterprise and too small to warrant a company structure, and is, therefore, essentially an un-economic concern.

The view that the Caribbean



Part of the newly developed extension at the Blue Waters Beach Hotel.

should become a year-round resort is gaining ground and hotels in the region are being urged to cut their rates, some times quite drastically, to attract North Americans and Europeans during the off-season summer months. Antigua has been slow to follow this practice and off-season reductions are not as widespread as elsewhere, though where they do exist they are in the order of 40 per cent. In fact hotels have often preferred to close in the summer. However, the Government wants to boost the low season, and some developments in this direction are expected.

### Largely untapped

The off-season package is being aimed at Europe in particular, where the idea of a Caribbean holiday holds a special fascination and where the potential market, notably in Scandinavia and Germany, is largely untapped but shows promise.

The British tourist can now buy a two-week package to Antigua starting at £185. He travels on scheduled BOAC flights and therefore gets the freedom of independent travel and the cost benefits of a package. He can also choose his hotel, the offered range extend-

## INVESTING IN ANTIGUA?

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First, we are a subsidiary of the large U.S. First Pennsylvania Bank (and with an international office at 5 Trump Street, London, EC2).

Second, our staff are totally Antiguan, and this is why we know the market best.

Third, we can offer attractive term deposit rates.

If therefore, as a result of reading this survey, you are interested in any aspect of Antiguan investment, then be sure to contact us first.

We know we can help.



Virgin Islands  
National Bank

High Street, St. John's, Antigua WI.

## ANTIGUA THE IDYLIC ISLAND!

And idyllic is certainly true of Antigua... the Caribbean island imbued with the best in superior tropical advantages—sun, sea, golden beaches (over 365 of them), wide ranging accommodation and a superlative temperate warmth!

Finally, Antigua is set at the gateway to the Caribbean from both North America and Europe—so why go further?

For total details applicable to Antigua's outstanding tourism offerings, then just drop a line to—

Miss Yvonne Maginley,  
Secretary,

ANTIGUA TOURIST BOARD,  
PO Box 363, St. John's, Antigua WI

## Plans for Barbuda remain uncertain

By a Correspondent

Those several tiny islands in the Caribbean which are administered by central Governments in their larger neighbours should be for ever grateful to Mr. Ronald Webster and his steadfast Anguillians. The international commotion caused by the Anguillian "rebellion" has virtually ensured that never again will these tiny islands be treated as unwanted Cinderellas.

St. Vincent, for instance, has been paying particular attention lately to such islands as Bequia, Canouan and Union, which come under its care. Grenada has been careful to give Carriacou no reason for feeling neglected. In the same way, the new Antigua Government has promised to devote much of its energy towards improving conditions in Barbuda.

Barbuda is a flat coral island, located 28 miles to the north of Antigua. It has a population of slightly over 1,000, almost all of whom live in the main village of Codrington. In several respects it is probably the most backward of all the islands in the West Indian chain.

### Lack of water

There is no pipe-borne water on the island, the people still having to catch their supplies by bucket from a large well in Codrington. There is a poor electricity service, even poorer telecommunications with Antigua, and no resident doctor (only a dispenser). On an island

with shallow top-soil there is little agricultural or tourist development and unemployment is a major headache.

Barbudans exist mainly on a lobster export trade (principally to Puerto Rico), and on payments from the several natives who have gone overseas. As the present Government observed when it was in opposition, the Barbudan never had any hope for the future and movement to Antigua and emigration to the U.S. was all he had to look forward to.

It is difficult to understand why Barbuda's quite obvious potential as a tourist resort has never been developed. There are magnificent beaches, crystal-clear water, coral reefs and, unique in the Caribbean, an abundance of wild life running free on the large expanse of bush land.

Just before its defeat at the polls in January, in fact, the Government of former Premier Mr. Vere Bird had entered into an agreement with a Canadian investment firm for the development of the island as a holiday centre. The plans were elaborate and the project, to be phased over a 20-year period, would, according to the developers, have cost between EC\$160m. and \$200m.

The Government was to take a 30 per cent. holding in the company in exchange for the lands needed for the development. Roads, water pipes, telephone and electricity services

and a jet airport would have been constructed and installed and, eventually, turned over to the Government. There were to be two large luxury hotels, a championship golf course, new villages and resort houses.

It would, of course, have meant a complete transformation of the island—if the developers had lived up to their pledges. Most people, however, were sceptical, Barbudan leaders annoyed over the fact that they had not been consulted and the Progressive Labour Movement, then in opposition, shocked. Mr. Donald Halstead, now the deputy Premier, called it "a sell-out of half the lands of Barbuda."

### Grandiose scheme

Not surprisingly, the grandiose scheme had been shelved by the new Government, which intends to undertake its own development plan for the island. Not surprisingly either, Barbuda figured very significantly in the ruling party's manifesto before the elections.

Almost certainly, Barbuda's future lies in the development of the dormant tourist industry. With the larger, more popular islands becoming more and more congested and commercialised, the thousands of North Americans who flood the Caribbean every winter are looking for something with a difference. If only because of its size and lack of development, Barbuda can offer this.

## Industry—(Cont'd.)

Continued from previous page  
competition among rums is fierce, Cavalier, the Antiguan brand name, was scarcely known outside the Leeward Islands a couple of years ago. However, without any special publicity campaign, it has suddenly caught on so that the distillery has increased production from 49,000 imperial gallons in 1968 to 250,000 gallons at present. A new automatic still has been installed and sales are climbing all the time.

Walter admits there was a "wait-and-see" attitude among potential investors he met on a recent tour of Europe and North America. As with most of the other Caribbean governments, the new Antiguan administration is anxious that there should be as much local participation as possible in the island's economic development.

"We are willing to do business with any reputable concern genuinely interested in investing here. I personally will go anywhere, at any time to meet anyone with such an interest," Mr. Selwyn Walter says.

His brother, the Premier, has been more specific about local participation. "We feel that we must make it quite clear that local participation must be involved, either initially in the form of local capital investment or through the sale of shares at low prices so that they are within reach of the small man."

Sir Arthur Lewis, President of the Caribbean Development Bank, has said that the Caribbean has to make up its mind whether it wants speedy development with considerable foreign control of resources or local ownership with much slower growth. It is a question which the Walter Government must now resolve and prospective investors are awaiting the answer.

## WHO ARE BRYSON'S?

Undeniably the most forceful and powerful marketing operation in both Antigua and the near islands

Any international marketer spending but a few days in Antigua would quickly discern that Bryson's (as we are popularly known) are a very major marketing force in the island.

Although we have been a marketing identity of considerable significance for over 100 years in Antigua, during the past two years the entire company structure has been further realigned against the most modern marketing and promotion principles... and as a result our growth is moving ahead each year with unparalleled momentum.

Our wide embrace of marketing activities include—wholesale and retail distribution, modern supermarket trading, hardware and lumber division, export, franchised and own aerated water manufacturers, travel agents, shipping, insurance, airlines etc... and the degree of success which we have achieved as marketers can be gleaned from the extensive list of international companies whom we represent.

As undeniably the most significant trading identity in Antigua and the near islands, then we would welcome enquiries from both product marketers and investors seriously interested in any aspect of future Antigua trading and involvement.

Please address your enquiries in the first instance to:

The General Manager,  
GEO. W. BENNETT, BRYSON & CO. LTD.,  
PO Box 162, St. John's, Antigua, W.I.  
Bankers: THE ROYAL BANK OF CANADA







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# COMMODITIES/Review of the week

## New lows in metals and cocoa

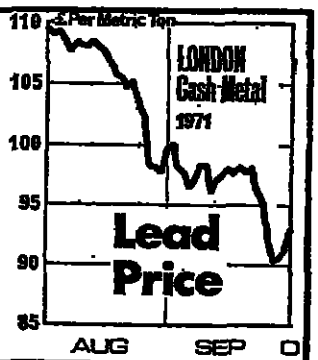
**BY OUR COMMODITIES STAFF**

**NEW LOWS** for the year in prices of copper, tin, lead, silver and cocoa were plumbed this week.

Metal markets were particularly depressed with copper cathodes trading at below \$400 a ton for the first time since October, 1967. Copper cash wirebars, after dipping to \$405.75 on Wednesday, closed last night at \$408.55 a metric ton, \$12 down on a week ago. Another big increase in LME copper stocks, up by 3,850 to 124,750 tons total, and further settlements of the U.S. copper workers strike helped weaken the market. The main downward move, however, was triggered off by selling from speculators especially which overwhelmed some consumer buying interest from West Germany and Chile. Speculative selling also forced silver to new four-year lows, with the bullion spot quotation marked down to 56.5p an ounce yesterday against 58.5p a week ago.

Cash tin fell below \$1,400 a ton for the first time since April, 1969, closing last night at exactly \$1,400 a ton, \$11 down on a week ago. Lack of consumer demand, but the failure of any significant support buying by the buffer stock of the International Tin Agreement is another important factor.

A rise in LME stocks, and



a fresh milestone this week when prices for the metal (September) futures contract slipped below \$200 a ton for the first time since late 1968. Short-covering at the lower levels has brought a partial recovery, and the March contract closed last night at \$200.75 a ton, \$16.50 lower than a week ago.

Continued favourable weather in the main growing areas of West Africa promising better crops than last season, when world output was a record; the slow recovery in world consumption also for the setback caused by the high prices of the past few years; and the likelihood of an increase in surplus stocks, have all weakened the market. Sales by producers who have not apparently sold forward as much of their annual forthcoming 1971-72 crops have also shaken confidence.

The Geneva talks aimed at smoothing the way to a world Cocoa Pact ended yesterday with producers and consumers united on a common policy and consumers to enable a full-scale negotiating conference to be called early next year.

Prices for East African sisal have been reduced sharply this week for the second time in a fortnight, in a bid to make it competitive with Brazilian sisal.

### WEEKLY PRICE CHANGES

Commodity	Unit	1971	1972
Copper	lb	105.00	108.55
Tin	lb	1400.00	1400.00
Lead	lb	105.00	95.00
Silver	lb	58.50	56.50
Cocoa	lb	200.00	200.75
Sisal	lb	100.00	90.00

# MARKET REPORTS

Commodity	Unit	1971	1972
Copper	lb	105.00	108.55
Tin	lb	1400.00	1400.00
Lead	lb	105.00	95.00
Silver	lb	58.50	56.50
Cocoa	lb	200.00	200.75
Sisal	lb	100.00	90.00

# U.S. MARKETS

Commodity	Unit	1971	1972
Copper	lb	105.00	108.55
Tin	lb	1400.00	1400.00
Lead	lb	105.00	95.00
Silver	lb	58.50	56.50
Cocoa	lb	200.00	200.75
Sisal	lb	100.00	90.00















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THE FINANCIAL TIMES Saturday October 2 1971

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## MAN OF THE WEEK

## The leader of the bankers

BY MICHAEL BLANDEN

IN HIS second year as chairman of the Committee of London Clearing Bankers Sir Archibald Forbes has had to cope with one of the toughest jobs that anyone in that position could meet. He has carried the main burden of leading the talks with the Bank of England on behalf of the clearing banks on the revolution in the banking system presented in last May's paper "Competition and Credit Control," and now put into effect.

The banks would have been hard put to it to find a better man for this task. Sir Archibald has the reputation of being an acute and determined negotiator. The varied experience he gained of both industry and Government before he became a bank chairman, as well as his natural talents, may have contributed to this skill. Born in 1903 in Renfrewshire, and educated at Paisley and Glasgow University, he started professional life with chartered accountants.

## Experience

He is still president of Spillers, the company he joined as executive director in 1935. His experience includes the chairmanship of the post-war Iron and Steel Board, as well as a stint from 1951 to 1953 as president of the Federation of British Industries.

He became a director of Midland Bank in 1959, succeeding to the chair in 1964 on the retirement of Lord Monckton. At Midland, he has been active in guiding the bank through some of the most important developments in banking for a long time.



—the years of tightening credit squeeze, the disclosure of true banking profits which brought a shock to the Midlands, and now the end of the "cartel."

Sir Archibald, though an active banking policy maker and will not, as his annual reports at Midland have shown, to present a public case when he feels justified, is himself a naturally retiring man who shuns personal publicity.

His talents have served the banks well at the CLCB. This organisation operates as the centre through which the clearing banks cooperate in areas of common interest. It is the channel through which the clearing banks as a group represent their views to the Government and particularly to the Bank of England.

In his time as chairman of the CLCB, Sir Archibald has faced two major exercises in the diplomacy which goes on between the banks and the authorities. His first success was last year, when the banks "at last" managed to get the rate of interest on the special fixed rate finance for exports and shipbuilding lifted from 5½ to 7 per cent.

## Tough problem

"Competition and Credit Control" presented in some ways a tougher problem. The banks were bound to welcome the general principles of the new policy, though they might be critical on points of details. And it was clear from the start that the authorities were not willing to bend very far from the approach set out in the original paper.

Now it is all over, the banks have admitted that they have been disappointed in some aspects of the new policy. But the presentation of their case to the authorities is said to have been first-class under Sir Archibald's leadership. His expertise in quiet but tough diplomacy was well-fitted to a difficult situation.

## THE LEX COLUMN

## Buoyant sales, flat margins for UDS

One cannot dismiss a week which took in a 20.6 point fall in the Index and which pushed the major indices down out of their post-June upturns. Equally, there is no reason to get hysterical about it with reports of narrow markets and nervous jobbers' pencils apparently gaining credence yesterday by the difference between a 5.2 point fall at 3 p.m. and a 2.3 point fall at the close, with the by-election result the only obvious spur. Next week and the new account may be the important test of sentiment.

## United Drapery

Excluding John Myers—since it had an expected, but temporary setback due to the postal strike—United Drapery's half-year figures look nicely rounded with a 14½ per cent. rise in pre-tax profits, to £61m., from a 14.1 per cent. increase in sales. The UDS camp must also be happy with the sales earnings of 7.6p a share and a gain itself, which compares, p/e of 18.9 at 145p. At this level with a 9.7 per cent. increase in U.K. clothing and footwear turnover for the period. However, the profit margin has stood still at 10 per cent., and since the 1970-71 first half was depressed by the inclusion of tailoring strikes, UDS should really be explaining why its margins have not improved.

There are explanations, including the stock loss effect of the Budget purchase tax cuts; with an integrated manufacturing-retail operation in menswear, the UDS group has a relatively slow stock turn which means that the effects may have been fairly substantial. In addition, a useful component of its sales surge was in electrical and hard goods and the latter, certainly, only have a gross margin of 22-24 per cent. against maybe 34 per cent. for other lines.

For the second half, we have further sales growth, a Myers recovery and an SET cut worth over £300,000. The upshot could be profits of £18m. pre-tax, over £300,000. The upshot could be profits of £18m. pre-tax, over £300,000. The upshot could be profits of £18m. pre-tax, over £300,000.

An emergency meeting of the general council decided to recommend this action to a special conference called for November 3.

## Mrs. Castle's conference snub

CONTINUING recriminations within the Labour movement over Mrs. Barbara Castle's attempt to introduce strike laws two years ago led the Labour Party national executive to-day to refuse her to open the subject of industrial relations at the annual party conference here next week.

This was decided overwhelmingly here at the executive's pre-conference meeting before Mrs. Castle arrived. Instead, another member of the executive, Mr. Bill Simpson of the Foundry workers—who told the executive meeting that Mrs. Castle "had lost all credibility"—will close the debate next Tuesday.

This decision was a snub for Mrs. Castle, who has led the Opposition team during the long Parliamentary stages on the Government's Industrial Relations Act.

But despite a plea from Mr. Harold Wilson that Mrs. Castle deserved the right to speak, all her hard work, the decision went against her—partly as one executive member put it because enough had been heard from her on the subject.

During next week's debate the transport workers and others will call for a re-statement of the party's pledge to repeal the new Act and to replace it with legislation which contains no provision for "State intervention" with or "legal sanctions" against unions.

Mrs. Castle has been nominated to open next Wednesday's debate on unemployment and economic strategy which will centre around the party's new policy document "Economic Strategy, Growth and Unemployment" reported in the Financial Times to-day.

The debate will be closed by Mr. Roy Jenkins despite his present unpopularity for being outspokenly pro-Common Market.

Party funds Speakers during the debate will launch wholesale attacks on the Government for allowing unemployment to rise to its present high levels—echoing the document which was approved to-day and which condemned the "dismal failure of Tory economic policies—the lack of industrial confidence, rapid inflation and high unemployment."

This is said to be "more than a matter of ministerial incompetence—it is rooted in the very shallowness and shabbiness of their economic thinking and in their ugly attempts to elevate selfishness to the status of social principle."

The contentious subject of the Common Market is to be discussed at the start of the conference on Monday when the main platform speakers will be Denis Healey and Mr. Jim Callaghan.

Mr. Wilson is only down on the programme to speak once, on Tuesday when the conference discusses its parliamentary report.

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ment—mail order—looks like being either too small or expensive, depending on the GUS reaction to the latest bid for A. and S. Henry.

## Tarmac

To judge by the tax charge, £1m. or so of Tarmac's 2858,000 profits growth to £3.5m. after six months must have come from loss elimination in France and South Africa. Acquisitions account for another £408,000 net of financing charges, with useful growth from Permanent and John Bedford; and that leaves an underlying growth trend approaching 10 per cent. pre-tax. Roadstone (55 per cent. of 1970's profits) has been boosted by the contrast between this year's fine Spring and last year's muddy nastiness plus good demand for aggregates, and with a steady performance from contracting, that comfortably takes care of the predicted squeeze on engineering, just 10 per cent. of last year's profits.

Loss elimination may be worth rather less in the second half which in 1970 included a

full 12 months from the acquisitions. Yet the bitumen products side ought to be shaking off its fixed price contract/management troubles: roadstone is holding up well, and extending the half-time performance through the year suggests a little over £3.5m. pre-tax against £7.6m.

That may be no more than the market was expecting, with the shares just 1p higher at 237½p last night, leaving a fully diluted 1971 p/e of about 18. The interest now lies in the Limer bid, and the thought of how far supplying road surfacing sales approaching perhaps £20m. would compensate for taking on Limer's civil engineering headaches.

## Alexander Howden

Alexander Howden's first half jump of 57 per cent. in profits before tax to £1.44m. follows on a big improvement in the second six months last time. But whereas the latter period relied mostly on improved broking results for its gains, January-June, 1971, has received a

special boost from £295,000 profit commissions as Howden's slice of the 1968 underwriting account surplus at Lloyd's. Ex this and a £50,000 higher contribution from Sphere Insurance, the broking side appears to have chipped in a less exciting but still solid gain of around 21 per cent.

The background here is that the 1968 cost problems, aggravated by the integration of Swann and Everett, spilled over to the first part of 1970, while the U.S. operation has been building up fast. These two factors must have given some bounce to recent profitability, added to which Howden has comparatively little to lose from a tougher approach by Lloyd's and the composites to the prompt payment of premiums which looked, for example, to be partly responsible for last week's disappointment by Staplegreen. Earnings for the last 12 months are 8.7p a share for a p/e of around 19 at 167p. After the recent broking surge and the return to a large contribution from profit commis-

sions a quieter phase seems bound to lie ahead, but there should still be enough in the way of growth to sustain the rating.

Pricerite When volume food sales are flat, when costs are escalating and when—as an early supermarket—you have sales of around £300,000 a store against £1m. for Sainsbury's, then you may be in for trouble. Pricerite maintains it forsook all this; and "considerable expense" on reorganisation, plus "exceptionally high" promotional expenditure are (a) blamed for the first half profits slump to £149,000 pre-tax from £242,000 and (b) advanced as the platform for a "considerably better" second half. The question is better than what? It is pertinent since even a depressed second half of 1970 produced £278,000; and Pricerite needs to beat that to justify an equity capitalisation of £3.4m. at 34½p, down another 5½p yesterday.

Channel Isles Dry and sunny. Wind light. Rather warm. Max. 16 (61).

Lake District, Isle of Man, Borders, E. S.W. N. Scotland, Edinburgh, Glasgow, Dundee, S. Ireland

Mostly dry. Sunny. Wind S. to S.W. at 10-15 mph. Moderate locally fresh. Max. 15C (59F).

Rest of Scotland, Orkney, Shetland, Fresh or strong. Near normal. Max. 14C (57F).

Outlook: Little change.

BUSINESS CENTRES

City Mid-day  
Amst. 10.30  
Raharui 10.30  
Berlin 10.30  
Brussels 10.30  
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## Cosmos Tours ship for sale

By Arthur Sandles

COSMOS TOURS last night declared itself, through a fed-up with its cut-price, problem-plagued cruise ship, the 26-year-old Galaxy Queen. It declared all further voyages cancelled and said the ship was for sale—but Sovereign Cruises, Cosmos's 50-50 partner in the venture, was unaware of the decision.

Between them Cosmos and Sovereign have seen around £1.25m. go on the Galaxy venture. To the 15,000-ton ship's original cost of around £400,000 has been added refits and reconditioning as well as high restoration losses as cruises were cancelled.

Sovereign Cruises, headed by travel entrepreneur Mr. Tom Langton, said the first it knew about the sale was the Cosmos statement. "We are considering the situation."

A cruise which was to have sailed to-day is off. The 494 passengers booked to take the voyage are being offered alternatives, mainly on Costa Line, with departures from Genoa.

The story of the Galaxy is a sad and bitter one for Cosmos. During the past nine months, when she should have been at sea, five months have been spent in dockyards. Although the company was saying last night "there is nothing wrong with the ship which could not be put right by professional management," it is clear that Cosmos has no intention of being that management.

Mr. Wilfrid Jones, Cosmos managing director, said: "We fully accept that the management appointed on our behalf to operate the Galaxy Queen has worked under certain difficulties since she came into our joint ownership with Sovereign Cruises last December. However, we believe that our advisers were over-optimistic in the beginning about the condition of the ship, and arrangements for its management, and that this optimism has persisted."

How the package tours we see with paper sunshine Page 14.

## Alliance home loans expected to top £100m.

AN INCREASE of 40 per cent. in total home loans this year by the Alliance Building Society is forecasted. The figure should top £100m. for the first time, against £70m. in 1970.

This was announced at the Hove, Sussex, headquarters of the Alliance, sixth largest society in Britain, by Mr. Roy A. Cox, chief general manager, as work commenced on an extension to the society's head office.

reform of the world monetary system itself within the framework of the IMF and the Group of Ten.

As regards the longer-term reform of the monetary system there has been general agreement that the British Chancellor's proposals for enhancing the SDR system provide a good basis for discussion. In particular, the U.S. has made clear that it is sympathetic towards the two main features of Mr. Barber's plan—the gradual funding of reserve currency balances through a special issue of SDR's and the expression of parties in terms of the new unit, thus allowing the U.S. the same freedom to change its exchange rate as other countries.

America has also made plain that, while it wants to ease the process of changing exchange rates, it is anxious to make surplus countries assume more of the adjustment burden in future. And it wants to guard against another round of competitive devaluations against the dollar once the balance of trade starts to shift in its favour. A broader problem is whether the U.S. would really be constrained from running deficits by making the dollar convertible into SDR's, or whether it will just use its diplo-

matic leverage to create a new unit in sufficient quantities to finance an imbalance.

At the same time as agreement is worked out on the surplus charge and the parity issues, the U.S. expects the surplus countries to enter into meaningful negotiations on eliminating other barriers to trade and devising a more equitable distribution of the dollar convertible into SDR's. These discussions are expected to last some time and would also be accompanied by the opening up of negotiations on the wider

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## 8% sought on London fares

BY JOHN HUNT

LONDON TRANSPORT is seeking an average increase of 8 per cent. in bus and underground fares from next January to bring in additional revenue of £10.7m. a year.

The rise, which has yet to be approved by the Greater London Council, would be 3 per cent. above the 5 per cent. norm for price increases agreed between the Government and the Confederation of British Industry.

It would entail an increase from 2½p to 3p in the minimum bus fare. In addition, there would be a reduction in distances between fare stages in the inner zone which would result in many passengers paying 2½p more for their bus journey, although some would pay the same as now.

On the underground, inner zone, there would be many 5p increases and passengers making a two-mile trip would suffer a 100 per cent. increase—from 5p to 10p.

The most controversial proposal is for higher bus fares for children and the abolition of the cheap rush-hour children's bus fares.

On the underground, children under 14 would still get half fare. However, the scholar's half-rate season ticket, on buses and underground, applying to pupils aged from 14 to 17, would be abolished.

Labour attack The present system under which children under 14 travel on buses at half the adult rate would be scrapped. If they travel before 9.30 a.m. on Monday to Friday they would have to pay full fare on buses. At all other times they could travel for a new fare of from 2p to 3p, whatever the distance.

On the underground, children under 14 would still get half fare. However, the scholar's half-rate season ticket, on buses and underground, applying to pupils aged from 14 to 17, would be abolished.

On Red Arrow buses in Central London the 4p fare would go up to 5p. Bus Rover tickets would rise from 40p to 50p for adults and from 20p to 25p for children.

Asked to comment on the breach of the 5 per cent. norm, Sir Richard said: "The law states we must not make a deficit. It is no good anyone shouting 5 per cent. at me unless they are prepared to pay the fine if I go to court."

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Capital Choice  
£67m  
LEEDS & HOLBECK  
BUILDING SOCIETY  
Head Office: HOLBECK HOUSE,  
105, ALBION ST., LEEDS LS1 5AE

## Weather

E.K. TO-DAY  
Most areas: Dry and sunny.  
Worm for early October.  
Leeds: Dry and sunny. Wind S.W.  
Cloudy. Some rain over N.E.

Scotland: E. Anglia, Midlands, N.W. Gen. N. N.E. England, Dry and sunny. Mist early in late. Wind S.W. Light. Max. 21C (70F).

S.E. Gen. S. S.W. England, Wales, Dry and sunny. Mist early in late. Wind S. mainly light. Warm inland. Max. 21C (70F). Cooler near coasts. Max. 19C (66F).

Channel Isles Dry and sunny. Wind light. Rather warm. Max. 19 (66F).

Lake District, Isle of Man, Borders, E. S.W. N. Scotland, Edinburgh, Glasgow, Dundee, S. Ireland

Mostly dry. Sunny. Wind S. to S.W. at 10-15 mph. Moderate locally fresh. Max. 15C (59F).

Rest of Scotland, Orkney, Shetland, Fresh or strong. Near normal. Max. 14C (57F).

Outlook: Little change.

BUSINESS CENTRES

City Mid-day  
Amst. 10.30  
Raharui 10.30  
Berlin 10.30  
Brussels 10.30  
Cairo 10.30  
Colon 10.30  
Copenhagen 10.30  
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Madrid 10.30

HOLIDAY RESORTS

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